Contested State Formation?
The Effect of Illicit Economies in the Margins of the State

Inauguraldissertation

zur Erlangung des Grades eines Doktors der Philosophie dem Fachbereich

Gesellschaftswissenschaften und Philosophie

der Philipps-Universität Marburg

vorgelegt von

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aus Duisburg

2017

Vom Fachbereich Gesellschaftswissenschaften und Philosophie
an der Philipps-Universität Marburg (Hochschulkennziffer 1180)
als Dissertation angenommen am .....

(Datum Annahme durch die Prüfungskommission/i.d.R. Tag der Disputation)

Tag der Disputation / mündlichen Prüfung .....

1. Gutachter: Prof. Dr. Thorsten Bonacker
2. Gutachterin: Dr. Sabine Kurtenbach

To my parents

Acknowledgements

During the time of writing this dissertation I found valuable support and advice from many sides. I am deeply grateful for all of them.

First of all, I would like to thank my supervisors Thorsten Bonacker and Sabine Kurtenbach for their advice and support in various stages of this project. Thorsten Bonackers insightful remarks have been of great support, I am very thankful his trust in this project. I am very greateful to Sabine Kurtenbach who did not only have an open door at all times, but her guidance has been an immense support from the very beginning.

The generousity of the GIGA Hamburg, the DAAD and the Übersee Club in Hamburg made this thesis possible. I am grateful for their trust in this project and their support.

I am deeply thankful to the people of the VRAEM and the Alto Huallaga who have been open to show me their world. I am especially thankful to Ricardo, Mariza, Robbie, Evelyn, Dennis, José and Felix in the Alto Huallaga and in Monzón. Roberto for our open and extensive discussions over excellent coffee. I would like to express my warmest gratitude to Felipe and his family for great insight and your kind hospitality. I am greateful to Joseph and his family, Vicente, Jacinto, Ernesto and to Avran and David with their inspirational enthusiasm to support the youth in the VRAEM.

The long and insightful discussion with Gustavo where shared his great insights as well as his efforts and achievements are a source of inspiration. I am thankful Ernesto, to *mi hermano* Fernando for his hospitality in Lima and to Eva for exploring the VRAEM together. I like to express very special thanks to Gaby, her excellent work, the countless disscussions, and most of all her friendship.

I would like to express my warmest gratitude to my “colleagues in crime” at the PUCP in Lima: Nicolás, Jaris, Sofia, Frank and Diego. It was always apleasure to meet you guys and to discuss on and of campus. As Nicolás would say: “seguimos”. The PUCP in Lima has received me as a guest researcher. I am particularly thankful to Carlos and all the colleagues that have made this research stay exceptional.

This thesis has benifited tremendously from working among excellent scholars at the ILAS, RP2 and other colleagues of the GIGA in Hamburg. In particular, I would like to thank André, Vita, Viola and Alex for their comments on earlier versions of this work. I am also deeply greateful to the colleagues from the GIGA information center, whose dedication has been a huge support.

Of course, I want to thank my fellow doctoral students at the GIGA, Lisa, Martin, Medha, Insa, Carolina, Markus, Simone, Tom, Felix for the crazy, funny, intense and unique moments we have shared. It has been a great pleasure to take up this journey together with you.

I am especially thankful to Matthias, whose friendship and advice as been huge support throughout the whole time of writing this thesis; to Kirsten and Jonny the many times they obliged me to escape the thesis (and academia) for a while. Hedda, seeing you growing up during the last one and a half year has given me joy and motivation as it kept reminding me that we should never stop exploring the world just like you do every day.

Most importantly I am deeply grateful to Herbert and Julia for their support and love at all time.

Table of Contents

List of Figures

List of Tables

List of Maps

Abbreviations

AHV	Alto Huallaga Valley/ Upper Huallaga Valley
CAD	Comité de Autodefensas/ Self-Defense Forces
CVR	Comision de la Verdad y Reconciliacion/ Truth and Reconcialization Comission
CONPACCP	Confederación Nacional de Productores Agropecuarios de las Cuencas Cocaleras del Perú/ National Confederation of Agricultureres in the Coca Basins of Peru
CORAH	Proyecto Especial de Control y Reducción de Cultivos Ilegales en el Alto Huallaga/ Special Project for the Control and Reduction of Illegal Cultivation in the Upper Hullaga
DEVIDA	Comision Nacional Para el Desarrollo y Vida Sin Drogas
DIRANDRO	Dirección Anti-Drogas/ Anti-Drug Unit of the Peruvian Police Force
ENACO	Empresa Nacional de la Coca/ National Coca Company
FECVRA	Federación Campesina del Valle del Río Apurímac/ Organization of Farmer in the Valley of the River Apurímacs
FEPAVRAE	Federación Productores Agriculas of the Valle de los Ríos Apurímac y Ene/ Federation of Agricultural Producers of the Valley of the River Apurímac-Ene
IDL	Instituto Defensa Legal/ Legal Defense Institute
IDL-R	Instituto Defensa Legal – Reporteros/ investigative journalism platform of the Legal Defense Institute
INEI	Instituto Nacional de Estadística e Informática/ National Statistics Agency
MIDIS	Ministerio de Desarrollo e Inclusión Social/ Ministry of Social Inclusion and Development
MINDEF	Ministerio de Defensa/ Ministry of Defense
NGO	Non-Governmental Organization
PNUD/ UNDP	Unided Nations Development Program
PROVIAS	Agency of the Peruvian Ministry of Transport for maintaining and improving of road infrastructure
UN	United Nations

UNODC	Unided Nations Office on Drugs and Crime
JUNTOS	Conditional money transfer program (Juntos = Spanish for together)
PBC	Pasta Basica de Cocaina/ Cocaine Paste
PROVRAEM	Proyecto Especial de Desarrollo del Valle de los Ríos Apurímac, Ene y Mantaro/ Special Project for the Development of the Valley of the Rivers Apurímac, Ene and Mantaro
PCP-SL	Partido Comunista del Perú Sendero Luminoso/ Comunist Party of Peru Shining Path. Guerrilla Group
VRAEM	Valle de los Ríos Apurímac, Ene, Mantaro/ Valley of the Rivers Apurímac, Ene, Mantaro

1. Introduction

1.1 Studying Illicit Economies and the State

The image of illicit economies and organized crime activities is dominated by violence, armed criminal groups or drug cartels, and kleptocratic state officials. From the opium trade in Afghanistan, diamond smuggling in Sierra Leone, and cocaine trafficking in Colombia to human trafficking in Libya, the examples of large-scale illegal activities are very broad, and so are their implications. Often, they are subsumed under the concept of "organized crime" or illicit economies and treated similarly despite the broad differences not only between those activities, but also between the countries in which they take place. Reports and studies related to violence and organized crime or illicit economies have sprung up in recent years (e. g. Snyder and Martinez 2009; Felbab-Brown 2010), including journalistic approaches (Glenny 2009, Naím 2012). In particular, for Latin America the effect of organized crime and illicit economies on violent deaths appears to be high. Around 30 % of all homicides committed in the Americas are related to organized crime activities or gangs (UNODC 2013a: 40). Additionally, the financial impact is high; the UN estimates that criminals have laundered up to 1.6 trillion USD or 2.7 % of the global GDP in 2009 and the gross profits from the cocaine trade alone made up for around 84 billion USD (UNODC 2011). Even though illicit economies are present in all regions and countries of the world, it is often argued that in "weak states" and developing countries the effect of these economies are particularly devastating. In this regard, concerns have been raised about the potential threat of illicit economies and the potential increase in violence and insecurity (World Bank 2011; Kemp and Shaw 2012; Cockayne and Roth 2017). It has been debated in policy related work that this results in negative spillover effects, which can lead to the erosion of state capacity and contributes to state weakness (World Bank 2011; Miraglia et al. 2012). Illicit economies are seen as a hindrance to a stable state and the quality of governance (Van Dijk 2007). Moreover, grey and popular literature fuels the perception that "Mafia states" pose a major threat to international security (Naím 2012). However, arguments presented for the "illicit economies-weak state rationale" are often based on anecdotal evidence rather than robust proof. Despite the growing attention on illicit economies and the state, we still know little about their relationship and its impact on local order.

Addressing these aspects, the thesis counter-intuitively argues that illicit economies can be an essential aspect for the provision of order. To do so, I build upon studies on related topics that show, for instance, that illicit economies are not necessarily the breeding ground for violence (Snyder and Duran-Martinez 2009; Duran Martínez 2014). The connection between illicit economies and violence is neither a clear cut one and nor is it generalizable (Andreas and Wallmann 2009). Other studies have already analysed the influence of criminal actors on governance and politics (Casas-Zamora 2013; Arias

2017), but often the focus has been on an urban setting (Arias 2007, 2017; Jütersonke et al. 2009). In particular, in Latin America illicit economies have been shown to have a broader influence on states and democracies (Arias and Goldstein 2010; Felbab-Brown 2010; Cruz 2016). Nevertheless, studies of illicit economies are often driven by the imperative to analyzing their relationship with violence (Snyder and Duran-Martinez 2009; Lessing 2015; Trejo and Ley 2016; Barnes 2017). Despite growing attention to illicit markets in academic literature, we still lack analyses that focus on the externalities of illicit economies for order and the state. This represents a crucial gap and highlights the need to analyze the impact of an illicit economy more closely. This thesis contributes to the understanding of this field by studying the relationship between illicit economies and local order. For the analysis I focus on the subnational level, which enables us to highlight consequences and implications of an illicit economy in regions of low state influence.

Even though illicit economies are not merely being found in "weak" states, they are highlighted in particular in the literature (Clunan and Trinkunas 2010; Miraglia 2012). Most studies that focus on the damaging effects of illicit economies draw upon assumptions that take the ideal-typical Westphalian State with its uncontested monopoly over violence, a complete control of its territory and a centralized bureaucracy as the norm of a stable (as opposed to a fragile) state. Based on this reasoning, the so-called fragile states are seen to be particularly vulnerable to the influence of illicit economies and criminal non-state actors. Mostly analyzed at the national level and characterized as a monolithic block, states are defined as either weak or strong, fragile or even failing (Miliken and Krause 2002; Rotberg 2004; Schneckener 2007). However, the labels such as a weak or a failing state are similarly problematic and reductionist (Hill 2005). Conceptually, they often have *Weberian* ideal type state in mind, influenced by a *Weberian* understanding of the state. But most of the states in question developed along different tracks and show a high diversity in terms of order and rule within their territory. Fully consolidated and sovereign states with a total monopoly of violence and complete control over their territory largely remain a myth. Historically, most states did not fully monopolize violence or established bureaucratic control throughout their territory (Mann 1993: 55). Instead, we see a variety of local structures within the states, which are parallel or entangled with the "state". This thesis follows the discussions on states that have developed along different *tracks* in comparison to most of the European states. It thereby contributes to a larger debate, which has highlighted variations in states and state development (e g. Ozlak 1981; O´Donnell 1997; Bayart et al. 1999; Migdal 2001; Hibou 2004; Schlichte 2005).

This study thus recognizes multiple ongoing processes within areas of limited state dominance and alternative structures, for example, in *brown spots* as Guillermo O'Donnell (1993) described them, or *grey zones* (Auyero 2007) that are also influenced by illegal economies. Indeed, states that lack

comprehensive control over their territory or implementation capacities of their rules offer more opportunities for the growth and influence of illicit economies. In many countries of the "third world" the state is not an impartial actor, providing the frame of social interactions. Often the state is incapable of providing this frame and implementing rules or providing control (e.g. Migdal 2001; Schlichte 2005; Bliesemann de Guevara 2012; Soifer 2013; Vergara 2015). Gaining an understanding of the interplay between these different structures, is thus crucial to providing a more nuanced assessment of state formation processes and illicit economies. Therefore, this study talks to a broader set of literature concerning state formation, including the recent strand of studies on the Latin American state and beyond (Kurz 2013; Soifer 2015; Kurtenbach 2015; Vergara 2015; Centeno et al 2017). I include the particularities of state formation, and take alternative structures of rule as well as the interrelation of the state with illicit economies into account. Instead of assuming illicit economies and the actors involved in it to be a threat to the state or an indication of state weakness, I analyze the influence of such economies on local order and power structures. I focus on areas with low state control and analyze the interactive processes between illicit economies and the state

Summing up, I argue that the influence of illicit economies in and on states is not at all clarified for two main reasons: (1) because of a monolithic conceptualization of state that rules out the importance of territories without or with low state control and (2) the lack of robust empirical analysis that goes beyond anecdotal evidence. This thesis addresses these two gaps by first proposing a conceptualization of the issue that makes explicit the importance of the local level and does not take it for granted that illicit economies damage the state formation process per se. I develop a framework that enables us to study the impact of illicit economies on local order. Secondly, I offer a robust empirical analysis, based on a conceptual framework of local order and by using a comparative case study design.

1.2 The Approach

As I have elaborated above, the variety of state formation processes and particularities of order within states has been stressed by a number of studies. Even though there are recent contributions highlighting "disorder" and potential threats because of low state control (Felbab-Brown et al. 2017), it is analytically more helpful to talk about the productive side of alternative order or informal structures. By focusing on the evolution and the externalities of illicit economies we gain a wider understanding, instead of simply assuming its damaging aspects. Following this premise, I analyze the effect of illicit economies on local order at the margins of the state. Against academic common sense, I do not assume *a priori* that illicit economies create disorder or chaos. While we know about the potentially violent effects of illicit economies, recent studies have presented evidence that the

relationship is not causal and the links are more complex (Snyder and Martinez 2009; Andreas and Wallmann 2009). Part of this complex reality is that criminal actors take over service provision and control when there are no other dominant institutions to do so (Arias 2017). Furthermore, in recent years, studies of the state have highlighted how informal and formal governance structures are intertwined and how state structures are entangled with non-state authorities (O'Donnell 1997; Hibou 2004; Davis 2010; Dewey et al. 2017). The relationship between these aspects of alternative order and illicit economies, stands at the center of this analysis.

This thesis therefore bridges two debates: the effect of illicit economies on local order and state formation. I focus on the externalities of illicit economies and move beyond an actor centric approach. Instead, I argue that the effect of illicit economies at the margins of the state results in a complex structure of local order that does not necessarily bring about a single dominant actor. This might result in the role of the state being contested, though not inevitably in a violent manner. At the same time, it might also result in no contestation at all or an entwined connection of formal and informal actors. These aspects are part of my analysis. Understanding the dynamics of illicit economies and the connection to state formation supports the understanding of dynamics in the margins of the state. This leads us to a more comprehensive understanding of the externalities of illicit economies and guide tailored policy approaches. Therefore, the present work starts by analyzing the way in which illicit economies influence local order, including measures of power structures. Often research on illicit economies or on crime focus on single actors, who influence local order. The present study moves beyond this actor centric approach and instead focusses on illicit economies and their externalities.

I define illicit economies as locally bound economies that depend on the voluntary exchange of goods and services, whose production or consumption is officially banned (Arlacchi 2002: 203; Beckert and Wehinger 2013; von Lampe 2016: 81; Beckert and Dewey 2017). These illicit economies produce externalities, which not only affect actors but social realities that need to be analyzed (chapter 2.2). The thematic focus of this thesis lies on the drug business, more precisely the cocaine economy, since it involves many actors at various levels of the production chain and needs to be organized. Moreover, the production regions are at the margins of the state. Drug trafficking is a globally banned criminal activity and generates the highest profit margins of all considered organized criminal activities. It is also one of the most researched areas when it comes to criminal activities. I focus on cocaine and *Pasta Basica de Cocaina* (PBC) as they are globally labeled as illegal and offer high profit margins for people involved in the trade. Many different actors participate in the whole value adding process which makes it a good choice to analyze its effect on society.

Instead of focusing on criminal organizations or single actors, I concentrate on local order and the consequences of illegal activities and examine the effects of these activities once they became

institutionalized at the margins of the state. To this end, I develop a new conceptual framework, which focuses on the analysis of local order and charts out a new approach to do so. I define local order as a combination of historically formed institutions and practices that structure social interactions, and organization in a given region. The core aspects of local order include historical development, economy, security, and power. Those key features are analyzed according to their link it to illicit economies; the thesis contributes theoretically to an analysis of illicit economies and state formation as well as empirically by presenting evidence from a comparative case study. To this extent Bourdieu's concept of "fields" (Bourdieu 1985) and his notion that power is ultimately based on "capital" one can accumulate in a certain environment greatly aids the thesis in identifying the variety of local power sources and in mapping out their dynamics.

In a second step, the thesis links the analysis back to the state and traces the influence of illicit economies on the state formation process. In this regard, the thesis questions the common-sense rationale that illicit economies flourish in regions with low state control and lead to state fragility. Since the spatial reach of most states is restricted and the infrastructural capacities to include regions at the margins of the state often remain limited (e. g. Mann 1993; O'Donnell 1993; Boone 2012; Soifer 2015), I analyze how this local order relates to the state. To make this analysis, I bring in the particularities of state formation processes, local historical settings, and local order into the analysis. Illicit economies have often existed for a long time, especially in regions with low state domination historically, and this thesis analyses the consequences of this and its interrelation with state formation.

Hence, the focus of this analysis is on how *local order is* influenced by the illicit economy. In formulating a new approach for analyzing the impact of illicit economies in areas with low state control, I combine sociological and political approaches. Thus, I distance this research from studies that merely focus on state capacity, which has led to reductionist arguments on strengthening institutions and perceiving illicit economies in peripheral regions as a threat to the state. Instead, I analyze the effects of these illicit economies, processes in local order and power structures, and how this links back to the process of state formation. The main interest of the present work is therefore the effect that illicit economies have on regions with low state control. Thus, we can define the **main research questions** that guide the study as:

1. How do externalities of illicit economies influence local order in the margins of the state?
1b. What effect do illicit economies have on power structures?
2. How does this local order link back to the state and state formation?

The first question makes up the main empirical part of this thesis, yet the other questions are not isolated, but related to it. I develop a conceptual model to analyze local orders at the margins of the state. I include the historical context as well as the key features of economy, security, rule and power

into the analysis. By using this concept, I am not only able to analyze the main components of local order in-depth and in relation to each other, but can also compare the regions in focus. By using ethnographic methods and a mix of different data sources, I give a detailed analysis of each of these components and their relation to each other. The second question focusses on the relational power, which is guided by Pierre Bourdieu´s concept of *field* and *capitals*. The final question is answered on the basis of the previous two. By asking for the link back to the state, I am interested in the dialogical relationship between the state and the local order. That includes how state policies work and how the state and its institutions are perceived in regions that are dominated by an illicit economy.

The findings of this study further develop our knowledge of the effects of illicit economies and expands the literature that addresses on similar phenomenon. Studies have highlighted the productive side of "unlawful" or "illegal" activities and focus on political externalities. Another field of study highlights the diversity of state formation and the dependency on the local context. It has been established, that many do not hold an uncontested control over their territory and that local order can differ widely in different contexts. Nevertheless, we find order and control in these areas even if it differs from state control. The thesis draws on these academic discussions and contributes to both fields of inquiry. I follow the argument to move beyond a Eurocentric view and measurements against "ideal-types" and that an analysis should include local particularities within the state. Therefore, I focus on two "brown spot" regions and an in-depth analysis of these regions.

Summing up, in this thesis I address a clear research gap on how illicit economies affect local order at the margins of the state. While there is growing interest on the effect that illicit economies have in regions with low state control, we still know little about it. I assume that instead of having a harmful effect, externalities of illicit economies support the evolution and the persistence of local order. This order is not necessarily opposed to the state, but can develop in parallel or be intertwined with the state. The approach the state takes towards this economy at the margins of its influence can therefore affect the regions beyond just the economic aspects. Criminal activities might be regarded as *illegal* by the state but not perceived to be illegitimate by the population, for example, because of the provision of economic opportunities as well as stability and order which the state cannot provide. Thus, we see a divergence between formal legality defined by law and the understanding of what is socially legitimate. In regions with low state capacity to implement formal rules, an action that is formally regarded as illegal might be socially accepted or seen as legitimate. We might call that legitimate illegality (Mayntz 2016). In consequence, this might produce a system, which follows its own logical parallel (or entangled) to that of the state. When the state approaches to *integrate* those areas that depend on an illicit economy, it might lead to tensions or lead to a hybrid system that hinders the creation of an intended inclusive society by influencing or eroding official institutions.

For the empirical analysis I opt for a comparative case study that scrutinizes a region where the state recently destroyed the illicit economy and a region where the illicit economy is still present. The results of this analysis give us a deeper understanding on the effect of illicit economies on social order as well as the relationship to the state.

1.3 The Cases

The present thesis does not give not a "catch-all" analysis on the phenomenon of illicit economies but rather aims to contribute to a broader theoretical and empirical debate on illicit economies and the state. It therefore develops a framework for the analysis, and studies the effect of illicit economies in the form of a comparative case study design. This analysis provides in-depth knowledge on the cases and rich empirical data to address the research question. Furthermore, it allows for the drawing of theoretical implications and indicating possibilities for further research from the results.

The selection of cases follows the premise that the case needs to have a presence of illicit economies and lack coherent state control throughout its territory. Furthermore, it needs to have a long history of illicit economies. In the Latin American region, we find several cases where the state did not develop a coherent territorial control or influence throughout its region (Centeno 2002; Soifer 2015). Peru is *most suitable* for the research objective. The country has not only been historically one of the main producers of coca and cocaine but also showcases an unequal reach of state influence and territorial control, which allows us to focus on regions with low state influence (Dargent 2012; Vergara 2015).[1] Classical studies on state formation describe the modern state as an unintended consequence of monopolization of power. This includes, in simplified description, a monopolization of violence, taxation and a legitimate bureaucratic order (e.g. Tilly 1985; Elias 1994, Weber 2010). Contrary to the European experience the Peruvian state was not able to or did not want to completely centralize power. Instead, distribution of power was more diffuse – as in many other Latin American states (Centeno 2002; Soifer 2013; Vergara 2015). Relatively little international recognition has been given to the impact of the Peruvian Drug trade (Felbab-Brown 2010).[2] But, Peru has always been a major contributor to the international cocaine market. In 2012, the country was the largest producer not only of coca but also of cocaine (UNODC 2013). The UN estimates that in 2012, coca production comprised

[1] In a recent thorough comparative analysis Alberto Vergara (2015) highlights the relationship of local powers in peripheries to the central state in the broader context of state formation, including structural and historical particularities. He highlights the relationship of regional elites for the overall state formation in Peru in comparison to Bolivia.

[2] In comparison far more international attention has focused Colombia, especially in the course of the peace process in recent years (e. g. Otis 2014; Kurtenbach and Lutscher 2015; Rettberg and Otis-Riomalo 2016).

more than 60,000 ha with the capacity for producing around 340 tons of cocaine (Ibd.).[3] Geographically Peru offers good conditions for the production and trafficking of drugs. The Peruvian rainforest makes up 60.3% of the country's territory which therefore makes it difficult to access or control (INEI 2014: 3). The country has climatically favorable conditions for growing coca, the basis for cocaine. In the 1980s, Peru was the primary producer of coca constituting for roughly 65% of the global coca production in 1985 (Bolivia 25% and Colombia 10%) (Bagley *2009:* 25).

A historical fact adds another aspect for why Peru is an interesting case to study the impact of an illicit economy. As I outline in chapter 5.3, the development of cocaine as a "global drug" (Gootenberg 2009) is inseparably linked to Peru. While for centuries coca has been a traditional crop in the Andes, it was the invention of cocaine that ultimately also led to a controversial discussion on coca. Coca is the basic ingredient in producing cocaine, which at first was used as a legal drug or as an ingredient in drinks. However, since the UN Single Convention of Drugs (1961) and the global prohibition regime on drugs, cocaine and also coca became an internationally illegal good. This did not stop coca or cocaine production, but led to a now illegal economy that still produces the drug. Parts of the coca production is regulated and not all coca is illegal in Peru. However, the vast majority is not sold legally to the national monopoly of coca commercialization Empresa Nacional de Coca (ENACO), but is sold on the black market instead (Zevallos 2016). This historical relevance and development of coca and cocaine makes it interesting (and possible) to see how the illicit economy has developed over time in the regions I focus on. This allows for a more precise analysis of the relationship of this illicit economy to local order and the state.

While Peru has always been a major producer of coca and cocaine (besides other illicit goods), at the same time since the termination of the internal conflict in 2000, Peru has been a comparatively stable country with relatively low rates of lethal violence in regional comparison. The country´s homicide rate was at 7.2 per 100,000 inhabitants in 2015, and thus lower than the homicide rate in the majority of the countries in the region (INEI 2016). Furthermore, the regions of coca and cocaine production are in the margins of the state where state control and state presence were historically weak. Finally, the production of coca and cocaine varied in recent years and government policies led to a sharp decline of coca and cocaine production in one region, while it remained high in others. The Peruvian government claims that more than 31.000 ha have been destroyed in 2014 (DEVIDA 2015). While the absolute number is hard to verify, the data gives a good indication of where to find high levels of illicit drug economies and where they have been before. These aspects make Peru a good study case for

[3] To an extent these changes have also been due to growing eradication efforts in Colombia which led to a shift of the production southwards to Peru..

analyzing the impact of illicit economies on the local order in a comparative case study. I select two regions for the analysis. One that is the historical center of drug production not only in Peru but in the world, the Alto Huallaga Valley (AHV). The other region is the current center for drug production, the VRAEM. In those regions I identify main districts which I focus on during my research.

By analyzing the development of two marginal areas of Peru I show the historical evolution and also its current state. By analyzing in depth the two regions, we are able to see the patterns of state formation that affect not only local order, but also state-society relations today. Furthermore, using an empirical study with extensive field research and first-hand data, this thesis contributes to knowledge generation for little researched regions in Peru on an under-researched topic.

1.4 Data and Method

In order to answer these research questions, I follow a **structured focused comparison**. I define my research concepts based on the theoretical discussions on state formation and illicit economies before I start analyzing the cases. The analysis follows a comparative case study design on the sub-national level comparing regions that until recently had high levels of drug production to regions with low levels of drug production. By using a structured focused comparison, I combine theoretical conceptualization and extensive field work in order to present a thorough analysis on the processes and implications of an illicit economy at the margins of the state. This allows me to identify patterns and systematically compare cases.

The present study combines research on state formation and illicit economies and focuses on the effects on local order. After discussing the relevant literature and the state of research, I define a framework that allows us to analyze local orders and the effect of illicit economies. Moreover, this framework lays the basis for the structured comparison. More specifically, I concentrate on the local level and analyze the processes and effects of drug production in the margins of the state. Studying local order in regions with low state control implies the understanding of aspects beyond written sources or data. It implies getting to know *the everyday* and understanding local practices. Therefore, I include ethnographic approaches into my research whenever appropriate and whenever it contributes to understanding the phenomenon.

Even though interest on the topics of illicit economies has been increasing in recent years, we still do not understand the nature and influence of illicit markets at the margins of state influence sufficiently. This is partly because of the difficulty of data access. Obviously criminal activities happen in the shadows, hidden from potential interference, which makes the process of data gathering more challenging. The data I present in the following is therefore mostly generated through a qualitative

approach and field research. During 11 months' of field research in Peru, I spend 4 months in each of the respective regions, and the remaining as a guest researcher at the PUCP in Lima. During the field research, I conducted 120 topic-guided expert interviews with community members, authorities, politicians, police officers, military officials, researcher, journalists, public servants, (ex)drug-traffickers, *cocaleros*, and prisoners. These interviews helped me to assess the impact of the illicit economy on local order. Due to the weak data availability, I included a questionnaire to document the perception of local citizens on socio-economic aspects and trust in state- and non-state institutions. 118 respondents participated and completed the questionnaire.

1.5 Research Aims

While there is a growing interest in addressing illicit economies and the state, the present study combines both aspects into the analysis. I aim to give a better conceptual understanding for studying illicit economies and the effects it has on state formation. By shifting the focus from a damaging aspect to a productive feature, we get a further understanding of the way in which externalities of illicit economies influence local order and the state. Based on this conceptual contribution, I provide an in-depth empirical analysis that investigates the relation between illicit economies, local order, and the state. Thus, this study further develops the conceptual approach and provides empirical evidence for the analysis of illicit economies in the margins of the state. To this end, the study combines various academic literatures: firstly, I bridge the discussions on illicit economies and the state. These research strands are often discussed separately or in opposition to each other. By bridging them, the study provides a profounder understanding of both these areas of study, that are in fact intertwined. This approach sets the work apart from previous studies that have highlighted either the negative effect of illicit economies or only insufficiently took their relationship to the state into account.

Secondly, I present a conceptual outline for studying local orders at the margins of the state. Bearing in mind that many regions have developed without or only with low state influence, my aim is to contribute to the understanding of local order and the relationship to the state and examine the role of illicit economies in this regard.

Thirdly, the study further analyses, how state intervention then affects this local order. While anti-drug policies and statements to tackle drug economies are often well formulated, the effects they have on the local level and the local order are often less anticipated. This study, gives a better understanding of the interplay of local order and the state after state intervention.

Fourthly, in this thesis I analyze the effects of an illicit economy on local order and in doing so deepen our knowledge that we already have on how criminal actors affect local governance structures (Arias

2006, 2017). By doing so, this study moves away from an actor centric approach and proposes the analysis of a structure. This broadens our focus and enables us to analyze the consequences for the wider state formation. I show that the illicit economy can have a decisive impact on local order as well as on state formation, which goes beyond a harmful outcome.

Finally, I give an overview and an in-depth analysis of the illicit coca and cocaine economy of Peru and on the focused regions in particular. I scrutinize the historical development of the now illegal good and its implications for the local economy and further aspects of the local order today. Moreover, I elaborate on the effects that state policies had not only on the illicit economy directly, but also as a consequence for local order.

Summing up, I argue that regions with a low presence of the state and a strong illicit economy (here: drug trafficking and production) can result in different local order. This, might establish a system that in fact prevents violence and instability instead of provoking it. The argument therefore stands against the rationale of crime-fragility and the logic that low state presence results in disorder. This notion challenges a normative Eurocentric approach to "the state" that misses out regions where state control is limited or non-existent but which are not necessarily ungoverned. Instead we find different forms of "order" represented in these areas, which can be affected by illicit economies. Furthermore, I expect that state intervention affects local order and ultimately also the state society relationship towards this regions, since it is based on an illicit good which the state seeks to destroy. A key part of the analysis shows how the intervention of the state alters local order and how this is related to the illicit economy.

Thus, the project bridges debates on illicit economies, local order and the state. By that it provides a deeper understanding of the underlying mechanisms at play and the influence that drug trafficking has in the margins of the state.

1.6 Outline of the Thesis

This thesis will give a detailed analysis on the effect of the coca and cocaine economy in two regions of Peru. In the following I will elaborate the research topic theoretically, methodologically and empirically and conclude by linking the findings to research and policy.

In **chapter 2,** I will analyze the theoretical underpinnings for this research and identify the core concepts my research will address. I depart from a definition of the state formation processes, highlighting the particularities of state formation from a *Non-Eurocentric* perspective. As many states have not developed a (uncontested) monopoly of violence or a complete spatial reach throughout its territory I highlight the importance of alternative orders. As a second broader aspect, I discuss the relationship of illicit economies to the state and to alternative order.

This is followed by **chapter 3,** sets out the conceptual framework for this research, synthesizing approaches to capture local and illicit economies. I define the main features of local order as historical development, economy, security, rule and power that will guide the research. Each aspect derives from the previous discussion on illicit economies and the state. The definition is the result of a hybrid conceptual approach and combines aspects from sociology and political science. This conceptual framework bridges different research strands and allows for the systematic analysis and comparison of cases.

In chapter 4, I lay out my research design as well as my methodological approach to the study. Here, I also expound the underlying logic of case selection. The presentation of my case selection explains in detail the selection process and the criterions used for selecting these cases. I will explain the benefits of using a small-N comparative case study research design and why it is suitable to use given the complexities of the research topic and the scarcity of resources and data. The chapter describes the logic of selecting the methods applied in this thesis. I will give a transparent overview over the data sources I used and explain as to why I opted to use these sources. Moreover, I will elaborate on the data gathering and its analysis. Finally, I reflect about the ethical implications of the study as well as my role as a male European researcher in the coca growing regions in Peru. Doing fieldwork in the margins of the state with a different cultural background results in challenges for the research and urges the discussion of ethical implications. It is important to have these implications and restrictions in mind when researching in areas in the margins of the state and on sensible issues.

The broader spectrum and important background information are presented in **chapter 5.** This chapter is setting the scene for the following case studies. The presentation of the historical development of the marginal regions and state policies in Peru as well as the development of the illicit drug economy will be the basis for my analysis. It is important to highlight the historical development on the national level, because these had important consequences on the local level for the cases analyzed. Furthermore, the chapter will outline important non-state actors and state policies that have had an impact on the cases I analyzed.

The **chapter 6 and 7** are the core chapters for the empirical analysis. I analyze the cases of Alto Huallaga and the VRAEM including the districts of Monzón, Santa Rosa and Llochegua, specifically. The empirical analysis is divided into three major parts. The first part gives an analysis on the socio-historical preconditions, and the government's approach in relation to these regions. These descriptions are essential to give an understanding on the context and conditions in which the illicit economy was formed. The second part zooms into the cases and specifies the influence of the illicit economy for local order and the implications on power. The chapters are guided by the conceptual framework and examines the implications of the illicit economy for security, economy, local rule and power structures.

In chapter 6 this framework will be used for a within case comparison of Monzón which compares the local order before and after eradication of coca. Chapter 7 presents the analysis of two districts in the current epicenter of drug production in Peru, Santa Rosa and Llochegua. In each chapter I detail on their historical development, and the relation of marginality and drug trafficking. Each chapter and sub-chapter endswith a discussion of the findings.

Chapter 8 presents a cross regional comparison of the findings. This comparison follows the logic of my conceptual framework. By comparing a former to the current center of drug trafficking in Peru I will be able to highlight similarities and differences, which will enable us to identify patterns and show the influencing factors of the illicit economies to local order and the relationship to the state. The chapter terminates with a summary of findings.

Chapter 9 will conclude by recapitulating the major findings and by discussing its implications for theory and practice. I will highlight the contribution for political science, sociology as well as on research on state building and on illicit economies. As this work bridges various approaches, I discuss the results of this study for a variety of research strands including studies on state formation, statebuilding or illicit economies. Finally, the thesis highlights the policy implications of the findings. Those implications can potentially be of practical use particularly for promoting long-term development in areas affected by an illicit economy.

2. Theoretical Approaches – "the State and the Illicit"

In this book the relationship of illicit economies with social order and state formation will be analyzed. Hence, before we will get to the core of the analysis it is paramount to take a closer look on some of the discussions on "the state", "order" and "illicit" and their relationship towards each other.

While we have seen that in the context of European states, power has been centralized, depersonalized and transformed into a form of institutionalized state rule, this is not the case in many other countries of the world (eg. Schlichte 2005). Rule is diversified up to the point where local non-state actors and structures indulge in "state like" activities. The following chapter will highlight differences between several aspects of state formation and the particularities in non-western regions, including rule, security provision, and power structures.

Firstly, I will review the debate on state formation and highlight the importance of different development tracks as well as alternative order within the state. I will highlight the different aspects of state formation and local alternative rule. Secondly, I will discuss the concept of illicit economies, and their potential for influencing states and state formation. Here, the analysis embraces the discussion on how to analyze local order in the margins of the state. Finally, I will present the relation between illicit economies the state and order.

2.1 Bringing formation back in[4] or the State from a Non-Eurocentric Perspective

"Bringing the state back in" was the demand that Evans, Rueschmeier and Skocpol (1985) formulated in their edited volume in 1985, because of the prevailing sense that the state had been underrepresented in academic debate. It proved to be influential in bringing the state back in as social science research focused more on this matter in the years to follow. The lines of work that influenced the discussion of state formation can be divided into several categories that include historical, rational, and society-based approaches. An analysis of these concepts and their implications has been stated elsewhere (Vu 2010; von Hau 2015). The 'bringing the state back in approach´ (Evans et al. 1985) has brought about new interest in the state and defined it as an autonomous actor related to an ideal type. In the twenty years that followed, the state and state functions have become central in the discussion on development and security. Countries and even world regions were divided in their views on what was perceived to be the "correct" state model. But even if work on the state has intensified, it is still

[4] This is not an attempt to give a complete overview on the discussion of state theory and state formation. For a more detailed account, see for example Benz (2008); vom Hau (2015) or Spruyt (2002), also Mann (1993)

difficult to pinpoint what is *the* state. In the last 30 years, the discussion on "the state" and how we should approach it, has diversified and shows different strands of arguments.

for the conceptualization of state formation, it is helpful to first provide a brief overview on the discussion of state formation based on the European tradition. This is because of two primary reasons. Firstly, the conventional definition of the state is based on European experiences. This ideal prototype of the modern state is now reflected and referred to on a global scale (Schlichte 2005). The exportation of the European state idea also translated into concepts and assessments of the state in academia. This includes *inter alia*, the focus on the monopoly of violence, sovereignty and territorial control. Thus, understanding and reflecting on the ideal, can be an effective starting point for a further analysis of the state. It helps in sketching the differences, while using "the same language". Secondly, since this has been a common reference point, it can also benefit the comparison between different cases. Analysis helps to highlight differences and particularities from this point of comparison and includes different patterns of state formation. Most of the states worldwide have developed on different tracks that differ from the European state. A clear delineation of these different pathways helps to identify patterns for further analysis.[5] While the recognition of the "European" state concept is a helpful part of the analysis, the European characteristics could not be simply translated into other world regions. The analysis should not stop by simply demonstrating divergences to European state formation process. For understanding state formation, it would is necessary to take a step further and focus on the inherent development of *order* within the state, including regional differences.[6]

From the European model, we learn three basic aspects that were crucial in the state formation process: a) territorial control, legitimate monopoly of violence, and control of violence; b) rational administration and bureaucratization that included fiscal capacities; c) centralized legitimate rule. Even if there are deviations among the states, the modern (European) *state model* successfully depersonalized and centralized power while basing public governance on the rule of law (Spruyt 2009: 568). The most important arguments for state formation include the role of violence (and its control), control over territory and institutions. These aspects have proven to be significant, but cannot necessarily be copied in relation to the *non-western world*. Coming from the European understanding

[5] A concept that addresses a similar problem is the *methodological nationalism* (German: „Methodologischer Nationalismus") that argues, that we are all in a way stuck on the ideas and concepts of the nation-state and that ideas such as "power", "rule", and "state", comes from a predefined mind-set in the realm of the nation state and therefore influences our discussion about it (Beck and Grande 1997).

[6] At the same time, as a European researcher, one should be aware of Eurocentrism and the tendency of leaning towards the ideal type. It is essential to be aware of this bias when theorizing on the state (Draude 2008; Sabaratnam 2013; Risse 2015).

on the state, most scholars agree on what should form the basis for a state and how it came to being. For the European experience, "bellicist" approaches have stressed the importance of war in the process of state formation (Tilly 1985). In European history, war had a crucial impact on the centralization of power. Mass mobilization of infantry proved to be more effective than mounted cavalries. These unskilled troops proved to be more successful and less expensive than highly skilled and well-equipped knights (Spruyt, 1994, 2009). This change in warfare, which was costlier and relied on more sophisticated war technology and defensive structures, needed an alternative form of organization, centralization and financing (Ibd.). Utilizing resources and collecting taxes has been pivotal in the creation of effective bureaucracies (Tilly 1985). Taxation and a regulation in processes led to the establishment of an administrative system and thus was one of the key features of early modern state formation. For this "circle" Charles Tilly famously stated, "war makes the state and state makes the war" (Ibd.). Tilly compares the state to a protection racket and argues that the state offers protection to its citizens and in return, extracts resources from the population in form of taxes. Tilly argues that in the long run, this process of providing protection leads to monopolization in the use of force, control of territory, and bureaucratization. Thus, this line of work explains state formation as a by-product of war rather than a conscious undertaking. Tilly´s work concentrated on the European experience and ultimately on the formation of a central state. However, he was aware of the limitations his conclusions had for its applicability on other regions (Tilly 1985: 185-186).

However, the European state formation process cannot be transferred to other world regions. It seems redundant, but it is important to note that non-European state formation proceeded on different tracks from that of European state formation. A strict analysis along Weber's ideal type is therefore not helpful. Well aware that Weber was talking about an ideal type of state which differs from the real world states, Migdal criticizes the use of Max Weber´s concept. He argues that many scholars use the idea of an "ideal-state" as if it was the normal form of the state. This would not help in explaining the state and its tremendous variations and furthermore, leaves no space for including the complex state society relation (Migdal 2001: 14-15). This notion has vast implications on how we perceive and analyze these states.

Recent work gave a more nuanced picture on state formation, accounting for example on the absence of big international wars and external threats. Centeno argues that wars in Latin America were mostly isolated domestic conflicts and were too short to have had an impact on state formation (Centeno 2002). Internal conflicts could be detected but they did not evolve on a strong "Leviathan" level.[7] Latin American countries were mostly uninvolved in big international wars, but rather affected by internal

[7] For an overview on civil wars and the role of war in Latin America, see Centeno (2002: 58-100).

conflict. That is one reason why Tilly´s formula on state formation and war cannot be easily transferred to Latin America (Tilly 1985; Centeno 2002; Kurtenbach 2011). It also influenced political inequalities since in many countries, internal war was decentralized and the way political parties participated in those wars became important for state formation. A crucial role was played by the mobilization of the rural poor in Latin America and the role of political parties (López-Alvez 2000). In the conflictive history of Colombia, war was for long time basically between two parties that included armed militias in the rural areas (Bushnell 1993; Lopez-Alves 2000: 125-134). In Argentina, in contrast, the centralized urban military financed from the capital was able to defeat rural militias. Thus, while in Argentina, conflict led to centralization, in Colombia on the other hand, it led to fragmentation (Kurtenbach 2015). Similarly, for many African countries we find comparable processes. Besides the economic aspects, the lack of external threats and bigger conflicts among states for land, the states did not develop strong institutions, bureaucracies and centralized structures. Instead, power was fragmented and rule not centralized (Herbst 2000). Entrenched practices like clientelism reliance on traditional leaders, stayed in place. The political parties supported a system that focused on patronage (Ibd.). Historical patterns of state formation led to areas with low state presence that had spatial as well as social inequalities. Another aspect that shows a deviation to the European model is the focus on violence and its control (eg. Davis and Pereira 2003; Kurtenbach 2015). Cameron Thies (2005) stresses on the influence of intrastate rivalries between states on the state formation process.

Power centralization, like it happened in the European experiences, did not take place in most Latin American states. Instead, the political center relied on local elites and cooperated with armed actors (López-Alves 2002: 31). In this book I will particularly focus on Latin America. While particularities in state formation has been discussed for other world regions as well (Schlichte 2005; Vu 2010) and illicit economies are certainly not restricted to the Americas (eg. Baker and Milne 2015, Beckert and Dewey 2017), I find that the combination of the presence of illicit economies in marginal areas of the state and the possibility to study these phenomena, are best given in Latin America and more precisely in Peru.[8] In Latin America, the state competed with other actors for the extraction of resources. Additionally, Latin American states often relied on local sources and foreign loans for funding, which did not lead to a centralization of power but led to increased debts (domestic and foreign) and financial crisis (López-Alves 2000: 19). We also find great variation among states of the region, highlighted in different studies. For example, the case of Chile in historical comparison to Colombia (Kurtenbach 1991) and in comparison to Peru (Kurz 2012; Saylor 2013) can be considered. Soifer (2015) presents a historical comparison for Chile, Colombia, Mexico and Peru and highlights differences during several

[8] In the case selection chapter (4.2.1)I will elaborate on this.

periods in time. In his main argument he highlights how the decisions of (local) elites and the ideas for state building as well as their capacities to succeed influenced state building efforts. Alberto Vergara (2015) studies differences in the political developments of Bolivia and Peru and highlights how regional imbalances of power within the countries and the relation to the state influences state formation processes.

Territory and population are also often mentioned as important arguments for state formation. Territorial control is argued to be central in the state formation process and "the *principle of sovereign territoriality is a sine qua non for international recognition"* (Spruyt 2011: 15). For Max Weber (2010: 38; 159), the concept of rule (Herrschaft) also means an institutionalized power in a clearly defined territory over a defined population. The monopolization of violence was preceded by a struggle for land ("Ausscheidungskampf"), as described by Norbert Elias (1939). At a later stage, it resulted in the control and monopolization of violence. Furthermore, Tilly argues that the centralization of power also took place because of territorial wars and scarcity of landmass in Europe. In the non-European experience, the territory argument plays out differently. In a landmark article, Guillermo O´Donnell (1993) highlights the spatial unevenness of state reach in Latin America. Centeno (2002) regards territory as an important aspect and argues that because of its landmass, bureaucratization was far costlier in Latin America than in Europe (Vu 2010: 154; Centeno 2002). A similar argument can be found for Africa or Asia. Jeffrey Herbst (2000) reckons that bureaucratization and centralization was difficult because of the vast territory and the high costs of state extension. There have been different types and levels of authority in different areas before colonial times. Moreover, the European colonial powers consolidated territorial states rather than national states, meaning that they created fixed boundaries without really establishing a cohesive rule through all of that territory (Herbst 2000: 35-57). Finally, James C. Scott (2009) recognizes that geographical differences in South-East Asia resulted in different expansion of the state. His argument established that the relatively inaccessible mountain areas had a sort of refuge from state power in contrast to the population of the valley. In his view, these territorial differences resulted in the differentiation between "self-governing and state-governed peoples" (Scott 2009: 3).

Authors have shown that neither the bellicist approach nor territorial and economic perspectives are sufficient to analyze state formation in the non-European world. It is also debatable whether a state with fragmented power necessarily results in instability: "*Centralization is not necessary for states to be strong, and what is rational depends on context*" (Vu 2010: 158). It has been noted that the focus on materialistic issues, institutional development, and the structure of the state is not enough for understanding state formation. Additionally, the specific context and cultural aspects need to be taken into account. Instead of analyzing states as monolithic blocks, the inclusion of subnational levels

without a strong presence of the state seems reasonable in this regard. As Norbert Elias mentions: to *understand the state "one must see it how it becomes – has become in the past, is becoming in the present, and may become in the future."* (Elias, cited in Migdal 2001: 23). Evidently, not all processes of state formation are the same in a given region; differences in Europe too are apparent. Including a historical analysis will therefore, be helpful for understanding rule within the state and particular local patterns. For Latin America, López-Alves (2000) summarizes:

> *"Latin America lacked an entrenched nobility, confronted very different international pressures, underwent no industrial revolution, formed a rather weak and late industrial bourgeoisie, held no colonies, and experienced colonial rule. To these, one must add differences in demography, culture, and factor endowments. But it is precisely these contrasts that both mark the limits of theories emerging from the European experience and contribute to a sharper picture of state making on both sides of the Atlantic." (16).*

It is important to understand not only different regional, materialistic, and territorial aspects of the state, but also cultural and social preconditions. Elias already recognized the relationship between the monopoly of violence and the monopoly on raising taxes; the financing of organized violence as an important aspect in the formation of the European state (however not as explicit as Tilly 1985; Schlichte 2005: 77). In describing the process of European state formation as a process of social change that includes the relationship between individual and society, he sets another milestone for the analysis of the state (Elias 1988b: 143). Elias' work does not describe a teleological project but rather the dynamic relationship between the individual and society as a process. His initial point of reference is not the individual, but the relationship between individuals that is shaped by collective context and distinct circumstances (Elias 1991: 170). Thus, the understanding of the state involves the state not as an autonomous actor, but closely related to society, a thought that is echoed by several academics at a later point (e. g. Migdal 1988; Jessop 1990, 2002; Ozlak 1981).

Discussions on state formation have long been characterized by a statist approach that neglects the complex interplay within a state and argues from a Eurocentric perspective.[9] This approach focused primarily on the formation of the Western states and did not or only insufficiently took into account the different processes in other world regions. With regard to state formation, the focus has been on state capacity in the sense of the resources and bureaucratic possibilities that are actually subsumed by the state (Skocpol 1985). However, state capacities in the context of resources do not necessarily coincide with the "power" articulated as the implementation of this ability into practice. That includes the implementation by political actors and the acceptance of social actors (Centeno et al. 2017).[10]

[9] For a critique see among others Mitchell 1991; Schlichte 2005, on Eurocentrism and a critique to the liberal peace approach, see Sabaratnam 2013.

[10] Notwithstanding these understandings on the variances of the state and state formation, the *fragile and failed state* debate presented simple reasons for why states are stable and what the potential solutions are. Despite the huge differences

Analysis of the state had for a long time been a subjective approach, understanding the state as the only actor "who" is implementing policies. Rather, it should be understood as a complex arrangement formed through a historical process (Migdal 1988). Thus, for understanding the state, questions should be raised on how specific structures developed to account for the current status of the state and the manner in which they interact with society.

2.1.1 History and Power in the State

Many states do not have full territorial control and have feeble existing administrative structures. They also lack a comprehensive nationwide outreach with regard to public goods, basic services and security and/ or lack in social integration (eg. Schlichte 2005). The understanding that the state is able to regulate most parts of society and hold an uncontested monopoly on violence does not hold true for many states in the world. The particularities and specific types of state development has been argued for in influential works (among others Oszlak 1981; Bayart 1989; O´Donnell 1993; Herbst 2000; Hibou 2004; Schlichte 2005).

Colonial powers in Africa strengthened themselves on patrimonial rule. Local authorities such as chiefs and elders were installed instead of building inclusive and cohesive states. Furthermore, after independence, bureaucratization took effect, but at the same time, informal relations were kept in place. Till this day, most of the African and Latin American states are based on a *hybrid system* that includes formal and informal governance structures (e. g. Oszlak 1981; O´Donnell 1993; Erdmann and Engel 2007; Bayart 2009; Boege et al. 2009). Thus, differences to the Westphalian ideal type are striking, such as alternatives in territorial control and unconventional forms of rulemaking. Also in Europe, the nation-state was in fact a relatively late result of violent conflicts (for a discussion see Kurtenbach and Wehr 2013). This is not to make an evolutionary argument that states and regions

between states in different world regions and development processes that have already been recognized, a concept was created to define states that differed from the "European track". With the turn of the century and in particular after the terror attacks of 2001, the world recognized "fragile or failing states" as a global threat (UN WDR 2011). Despite countless academic output on that matter, the debate was largely dominated by a "Western" perspective, assuming that those states would need fixing. Thus, interest in these states was still largely dominated by a statist approach measured against the Westphalian model state. "Measuring" the variation against the ideal type gave the opportunity to categorize those states. *"If real states fell short of the standard, as they were bound to do, all sorts of words can be invented to express the gap between actual practice and the ideal"* (Schlichte and Migdal 2005: 11). Among those concepts were weak states, quasi-states, shadow states and fragile states. In particular, states with an uncomprehensive control of its territory or a contested monopoly on violence were regarded as a threat not only for the countries themselves, but also regionally and even globally. Literature on failed or fragile states tend to merge them under these labels (Miliken and Krause 2002; Rotberg 2003; Schneckener 2004). States that are connected to "state failure or fragility" are seen as breeding grounds for organized crime and terrorists. The understanding of these states was that they can be "fixed" with the right measures.[10] The liberal statebuilding approach raised expectations and states simply needed the right toolbox to get on the right track and provoked a lot of criticism not least, from perspectives in political sociology (e. g. Bliesemann de Guevara 2012 Lemay-Hébert et al. 2013; Bonacker et al. 2017).

outside the European context are “latecomers in a teleological development”. On the contrary, differences should be included as part of the analysis and not be taken as a problem that should be overcome.

An obvious, yet important, factor for this analysis is that long before the beginning of colonial rule, power structures and authorities have been present in what later became the colonial state. These were not completely dissolved after independence. In many states we do not find a centralization of power, territorial control or bureaucratization as we find described for the contemporary European states (Tilly 1985; Elias 1988b; Weber 2010; Spruyt 1994, 2011). Instead, countries are (highly) disjointed with a privatization of security and fragmentation of power (Kurtenbach 2011). Surveys such as the Latinobarometro and African Barometer reveal that historical and contemporary developments resulted in a low recognition and acceptance of the state and state institutions. Low trust in the state and state institutions, especially in the government and the police, are commonly expressed. State development concentrated on core areas that were economically and strategically important (trade, security, etc.) while other areas of society were exploited for the benefit of the elite. In many cases, the rule was taken over by new regimes that did not promote state development but rather sought to secure their positions. Indeed, consequences of colonial rule differ regarding cases and context – for example India, Burma and Pakistan (Vu 2010: 163): “*If society is fragmented, bargaining is not possible and states can be predatory such as in many colonial states*.” (Ibd.).

In Latin America “*for many centuries, the central role of the state was not the creation of a nation but the maintenance of social privilege*” (Centeno 2013: 18). This maintained not only social disparities and elitist politics but also regional imbalances since only particular regions were supported and developed, especially for extraction of resources. The exploitation of resources and people during colonial times and the focus on core economic regions led to fragmentation and inequalities in regional development. In Latin America, the legacy of such a system is still visible in some regions, for instance in the areas of the *mita* and *encomienda* system in Peru (Acemoglu and Robinson 2012: 17-18).

According to Migdal (1988), local implementation of state rule is hindered by the interests of local authorities. Thus, the “implementers”, as Migdal calls local officials, find themselves pressured by several interest groups such as their superiors, local strongmen, clans, local authorities and families (Migdal 1988). States are therefore characterized by their relation to social forces and authorities. Their strength therefore, depends on how and if they can implement their agenda in society. Not taking the state as a closed unit of analysis separate from society, is crucial for the understanding of the state. It is also helpful to disengage several aspects of the state and open them for discussion. Different

groups within society have their own agendas and purposes. So, while the state reaches out to society in different ways these do not necessarily imply the feelings represented by the state (Migdal 1988).

2.1.2 Spatial Reach of State Power and Security Provision

The fragmented development in many post-colonial states in Africa and Asia, and in most of the Latin American states, led to the fact that many subnational regions are de facto, not controlled by the state (O'Donnell 1993). In Latin America, there was no centralization but rather a dilution of power resulting in the formation of local elites, and the relationship of these local elites became therefore essential (Centeno 2002; Soifer 2015; Vergara 2015). Control over territory also has economic consequences, since it allows the extraction of resources and the possibility for financial gains through taxes. This leads to the extension of state control and feeds into the formation of states (Tilly 1985; Saylor 2013). Most Latin American states developed core areas and cities while the periphery was basically left to local power holders and partially this resulted in a lack of full territorial control and ultimately inability to provide basic services in the margins of the state (O'Donnell 1993). However, these regions in the margins that are out of state influence are not necessarily "ungoverned spaces" (Clunan and Trinkunas 2010). O´Donnell distinguishes between *blue areas* that have an effective government and fully functioning state institutions and *brown areas* that have low state control and ineffective institutions (O´Donnell 1993). Brown areas feature non-state rule, but are not necessarily opposing the state. Rather, they coexist with the national state:

> *In these regions "(...) the bureaucratic state may be present in the form of buildings and officials paid out of public budgets, but the legal state is absent: Whatever formally sanctioned law exists is applied intermittently, if at all. More importantly, this intermittent law is encompassed by the informal law enacted by the privatized—patrimonial, sultanistic, or simply gangsterlike—powers that actually rule those places." (O´Donnell 2004: 41).*[11]

Thus, many states do not have full control over its territory and are unable (or unwilling) to implement it. Instead, in those areas other forms of order emerge and actors other than the state fulfill state-like tasks like providing security and economic goods. While some regions benefit from government investments and programs, others are left out and left behind, which is visible for example, in the extreme regional imbalances in Latin America. In those areas, it is also more likely for an illicit economy to evolve since the possibility of being sanctioned is lower than in areas with strong state control. In

[11] Similar notions such as "grey zones" in urban contexts (Auyero 2007) or "states-within states" (Kurtenbach 2011; Kingston and Spears 2004) describe how non-state actors provide local rule and order.

brown spots, the vacuum of state power is filled by other actors.[12] The evolution of drug trafficking and drug production is one example in this aspect (Thoumi 2003).

Most visible are alternative orders in the case of security provision. Different examples can be found today for non-state actors that assume control in regions that have low state control. In Colombia, the evolution of paramilitary forces was also provoked by the inability of the state to provide for security. These paramilitaries not only challenge the state but also created a social basis in the respective regions (Romero 2000). In Peru, autodefensas or *rondas campesinas*[13] not only served for the provision of security but also became an important aspect for the counter insurgency strategy and defeat of the guerrilla (Degregori 2006; Zech 2014). Also gangs can become the the providers of social order and services (Rodgers 2006) or drug traffickers de facto control over parts of bigger cities (Arias 2006; Duncan 2013). Ultimately, the formation of vigilante forces in Mexico's states of Michoacan and Gerrero was in part because of the threat posed by drug cartels and abuses by state forces. While these vigilanties essentially took over police-like tasks, a faction of them routed the Knights of the Templars cartel (Grillo 2014). While some states cannot account for an uncontested monopoly on violence, different non-state actors control parts of the territory. That might include violence control, the provision of public goods and order, and by that being included in the "state" (Reno 1998). They can also be key players for post war stability (Ellis 2004) and influence national politics as for example Will Reno (2009) describes for illicit commercial networks help former warlords to get electoral support.

Hence, these areas with low state presence cannot be termed as ungoverned. Scholars have widely acknowledged that states should not be taken as a *teleological* project, which leads to the Westphalian state in the end. Instead, the analysis should include the various forms of rule, order and state society relations within the state (e .g. Schlichte 2005; Vu 2010; Lemay-Herbert 2013). There is a vast array of possible terms, which describe the myriad forms of order and power which alienates the Westphalian ideal type. Different forms of local order developed that are sometimes parallel but also often in connection to the state. The "state" itself can be viewed differently by the population depending on their cultural background and place of living and might even be regarded as something alien to people living in areas with only limited presence of the state. Many terms have been found to describe this condition. Trutz von Trotha´s "para-sovereignty" describes different forms of power on the local level forming an economic, social and political center different from the state. "Parastate" refers to the institutional side of "para-sovereignty", the rights based side within this political form of authority. In

[12] See also the discussion on "governance in areas of limited statehood" (e. g. Risse 2011).

[13] They will be explained in detail later in this study.

providing goods and services within these centers, non-state actors provide key elements that are expected to be provided by the state. (Trotha 2011: 37).[14] In many regions of the state, the distinction of what is public or private, state or non-state, legal or illegal, legitimate or illegitimate, is often blurred. Hibou et al. (2004) famously labeled the "privatization of the state", where private actors and public actors restructure local order and sovereignty. The term "*hybrid order*", (Boege et al. 2009) captures how state and non-state order is intertwined. Authors rightly argue that this is a sign of state formation rather than a symptom of state failure (Hagmann and Péclard 2010; Boege et al. 2009; Meagher 2014).[15] In fact those are not ungoverned regions but we find, as Thomas Risse (2011, 2006) calls this, "governance in areas of limited statehood", which does not mean a lack of rule, but rather different types of rule. These regions can also have close relationships with the state and are not necessarily striving for autonomy. For example, in Sierra Leone, local chiefs became dependent upon state revenues, and the state became dependent on strongmen for local rule (Migdal 1988: 141). Also the neo-patrimonialists point out that behind a legal institutional façade, actual rule depended on other structures (eg. Eisenstadt 1973, Clapham 1985). Still, these concepts were linked to a Weberian idea of the state, and therefore were still limited in scope or included the difficulty of becoming a *catch all concept* that lacked conceptual and methodological applicability (Erdmann and Engel 2007).[16] Local preconditions, cultural settings, and rule were neglected, or only insufficiently taken into account. Hence, we can analyze state formation by viewing these areas as integral elements. The question remains, what do we gain from these concepts for the empirical analysis? For a thorough empirical analysis we need to be more precise.

In recent works, the idea of the state as an autonomous entity changed. It is established that the state cannot be understood when detached from society and its actions are correlated with other actors and society (Migdal 2001). Instead of analyzing the state as a static element that takes autonomous actions, the state is understood to be intertwined with different actors, more so, if state rule is fragmented throughout its territory. For the process of state formation and for this study, Michal Mann´s definition of infrastructural power that includes a set of centralized institutions radiating toward the periphery and having the capacity to implement its power (Mann 1984, 1993), serves as

[14] Similar arguments can be found in the "limited access orders" (LAO) concept (North et al. 2009), meaning that the access to resources and decision making is limited to a small amount of people. This in turn creates and sustains an elite. At the same time, it prevents disorder and limits violence. Limited access controls violence "by forming a dominant coalition that includes the groups with potential for violence" (North et al. 2012: 2). "All low and middle income countries today are LAOs" (Ibd.: 6).

[15] On the institutional side, authors described "twilight institutions", (Lund 2006) where the boundary between private and public is not clear cut.[15] Most importantly, as this research shows, these areas are not ungoverned spaces but, have different forms of rule which needs to be taken into account (Clunan and Trinkunas 2010, 2016; Risse 2011; Hagmann and Péclard 2010; O´Donnell 1999: 133-158).

[16] For a critique on the use of the ideal type approach see for example Migdal and Schlichte 2005: 11-13 or Lemey-Herbert et al. 2013.

another basis. These capacities are exposed through what I call state practices; actions undertook by the state to implement power. Recent studies use the concept of infrastructural power to show the restricted reach of the state in Latin America (vom Hau and Soifer 2008; Eaton 2012 vom Hau and Biffi 2015, Soifer 2015). At the same time, they highlight the presence of infrastructural capacities that do not necessarily mean higher influence of the state in the particular regions (Soifer and vom Hau 2008). The local social preconditions are an important factor in this regard. Therefore, the present study regards the territorial reach and implementation of state rule as an important factor but also builds on Migdal (2001) and Schlichte (2005), also Elias (1994), who argue that the state is part of a permanent interplay between different actors and power sources. This interplay includes local preconditions, the society, and power structures, which are implemented in local orders. The relationship of these orders to state formation is crucial for our understanding and study of the state. Hence, I define the state as actor who seeks dominance over a given territory and who is in a dialogical relationship with society. Additionally, I understand that within this territory the dominance of the limited scope of state power and the essential role local orders and alternative power have in the process of state formation. These local orders might develop alternative to the state, but not necessarily in contrast to it. Instead, they are integrated into a wider process of state formation.

The assessment of state formation should consequently, take these conditions into account and include different actors (state and non-state, or formal and informal) into the analysis. These actors indulge in practices that can be within the rules of the state, against them or simply parallel towards them. They can act within a formal state structure defined by boundaries, formal rules and a defined monopoly of power, in short, a formal central rule. But since in practice, this ideal type cannot be found in many regions, we see types of formal and informal rule that are connected in a dynamic process (Schlichte 2005: 106, 110; Migdal 1994; Hibou 2004; Erdmann and Engel 2007). In this regard the perception of the state plays an essential role. In a late lecture on the state, Pierre Bourdieu reckons that “the state” cannot be reduced to power or territorial control but is rather a collective belief that structures the whole of social life. In the words of Bourdieu, it is a “well founded collective fiction” (Bourdieu 2014: 4). Although Bourdieu also sees the legitimate monopoly of violence as a condition for the state, he reformulates the classical understanding by Max Weber:

> *“If the state is able to exert symbolic violence, it is because it incarnates itself simultaneously in objectivity, in the form of specific organizational structures and mechanisms, and in subjectivity in the form of mental structures and categories of perception and thought. By realizing itself in social structures and in the mental structures adapted to them, the instituted institution makes us forget that it issues out of a long series of acts of institutions (in the active sense) and hence has all the appearances of the natural” (Bourdieu 1994: 4).*

Thus, for Bourdieu, the state is not only an actor exercising coercion, but in order to be a leading actor, the state needs to be also a symbol whose ideas and values are incorporated within each individual. This symbol rises through the construction of different fields. And further:

> *"The state is the culmination of a process of concentration of different species of capital: capital of physical force or instruments of coercion (army, police), economic capital, cultural or (better) informational capital, and symbolic capital. It is this concentration as such which constitutes the state as the holder of a sort of meta-capital granting power over other species of capital and over their holders. Concentration of the different species of capital (which proceeds hand in hand with the construction of the corresponding fields) leads indeed to the emergence of a specific, properly statist capital (capital etatique) which enables the state to exercise power over the different fields and over the different particular species* of capital, and especially over the rates of conversion between them (and thereby over the relations of force between their respective holders). It follows that the construction of the state proceeds apace with the construction of a field of power, defined as the space of play within which the holders of capital (of different species) struggle in particular for power over the state, i.e., over the statist capital granting power over the different species of capital and over their reproduction (…)." (Bourdieu 1994: 4-5)

What Bourdieu describes is in fact a state that has control not only over its territory, but also over violence and the "rules" within the state territory.[17] Indeed, he developed and refined his ideas and projections under specific circumstances of the European (the French) society, but we can still learn from his concept,[18] since Bourdieu's take on the state recognizes that it is not a monolithic block and includes several forms of power.[19] His concept gives us some indication of the state's connection with society. How does the reach of the state unfold in the particular regions and how is its relationship with society? In this regard, I understand the interrelation of state power and non-state power from a multidimensional perspective, instead of concentrating on the power emitted by the state from its center to its periphery (also Swartz 2013: 147-153).

This work builds on previous works of Migdal and Schlichte, who have already taken up the understanding of Bourdieu by including constant struggles and a dialogical and conflicted state-society relation (Migdal 2001; Migdal and Schlichte 2004). The balance between actors is never in a state of equilibrium. As they constantly shift, they are almost never truly balanced, which is due to the

[17] Describing the evolution of the state Bourdieu describes the transformation from diffuse symbolic capital that rests on nobility during aristocratic rule, to objective symbolic capital that leads to bureaucratization (Bourdieu 1994: 11). The specific symbolic capital is based on recognition by the state and becomes part of the habitus (Bourdieu 1998: 99; for an application Schlichte 2005: 75).

[18] Therefore, his concept cannot be directly transferred to analyze coca producing and brown spot areas, but the ideas of fields offer the basis for analyzing and understanding the functioning of localized illicit economies within a country. Other authors already made use of Bourdieu´s concept in other circumstances. See for example Schlichte (2005); Migdal and Schlichte (2005).

[19] Also Michael Mann (1993), gives an important contribution to the analisis of power and order.

persistent actions of actors and also due to acts of protest and consent (Schlichte 2009: 17). For Migdal, the state is only one institution among many that seeks to exert control. Instead of seeing two different systems, he sees the state as embedded in society. The state in this regard is understood as a field in which power struggles takes place (Migdal 2001: 22). Understanding power struggles and balances of power within a given territory are essential for the understanding of local rule. Migdal and Schlichte build their arguments on Bourdieu's notion of fields: "*Every field is the site of a more or less overt struggle over the definition of the legitimate principles of division of the field*." (Bourdieu 1985: 734).

> Klaus Schlichte and Joel Migdal argue that *"the state is a field of power" but also "The extent to which a field actually becomes one of state domination varies considerably both within a country and from one state to another. In many cases "the state" is not the deeply institutionalized set of rules expressed in the standard image but rather a shaky field of power relations that are not much more than sheer coercion and brute force"* (Schlichte and Migdal 2005: 16).

As I have discussed, recent studies acknowledge the particularities of the state and formulate a conceptual critique (among others Migdal and Schlichte 2005; Bayart 2009; Centeno 2002; Kurtenbach 2011) but only few empirical studies analyze the dynamic state formation process at the local level. The recognition of local order and their particularities are key to analyze local processes and the connection to state formation. Since it is not only about the relationship of single actors dominating a system but also about a structure defined by relationships of various actors and processes, it is more useful to utilize a concept that is able to capture both.[20] I believe these different dynamic processes are essential and should be included in studies on state formation, which is why I account for local order and the dynamic process of power. These dynamics of different power structures and limited state control becomes apparent when we include illicit economies into the debate as we will see in the next chapter.

2.2 Illicit Economies

2.2.1 Illicit Economies and the State

This sub-chapter will build on the previous concepts on the state and highlight the effects of an illicit economy. It seeks to bridge the debates on state formation and illicit economies in order to open up theoretical and conceptual possibilities for the analysis of the effect of illicit economies on the margins of the state. I will highlight what we know and what we do not know in the connection of illicit

[20] In this sense, the presented argument is influenced by Migdal´s and Schlichte´s work (2001,2005), which describes the state as a field of power and recognized power relations within that field. It also follows a more flexible approach and is open for the inclusion of rule alternative to state dominance, and to analyze the role illicit economies play in this regard.

economy, the state and local order. Illicit economies are not a new phenomenon; neither is its impact on the state a new topic. Different patterns have already been studied, but mostly only on the national level. Structured and cohesive studies in the brown spot areas with low state control are scarce.

In accordance with recent research on illegal markets, I will define illicit economies as those that are locally bound and depend on the the voluntary exchange of goods and services whose production or consumption is officially banned (Arlacchi 2002: 203; Beckert & Dewey 2017; Beckert & Wehinger 2013; von Lampe 2016: 81). This approach includes not only "the criminals" that produce or circulate officially banned goods and services, but furthermore implies the externalities of the market. A distinction is also made between organized crime and illicit economies. Illicit economies describe a system whose externalities might affect rules, security, power and social aspects. Organized crime actively colludes and cooperates with these aspects as they are aiming to gain control over certain territories and secure market access. Hence, while externalities of illicit economies might come as a byproduct, organized criminals actively interfere in these areas. Furthermore, while studies on organized crime typically focus on networks and actors (von Lampe 2016), illicit economies that might be produced or used by criminals, are characterized by an emphasis on structures and "systemic consequences". Therefore, the present study focuses more on illicit economies and primarily concentrates on the externalities of these economies.

The effects of illicit economies have been actively discussed. A growing number of works recognize the importance of illicit economies and organized crime on the state, but describe its impact mostly as a major threat to security and state institutions (World Bank 2011; Miraglia et al. 2012). This work defines states with pervasive presence of illicit economies, especially the narcotic economies often as weak, or fragile states that are affected by disorder because of the illicit economy. Most academic works center their arguments on a circle of crime and state weakness, where the illicit economy is connected to violence and corruption. Similar arguments can be found in popular literature and even the portrayal of the illicit economy as a global threat (Naím 2006; Glenny 2009). The inflexible focus on the destructionist effect of illicit economies blurs the view on its potential influences on local order and power relations which are seldom analyzed closely. This is an important point as it is not so much about the influence of single political actors, but rather the drug economy and its influence on local order. Thus, as a first step this section highlights the relationship between the state and the illicit economies. I will give a brief overview on previous works that highlighted state and illicit economies before I focus on the impact of today's biggest global illicit economy, drug trafficking.

The interconnection between illicit economies and the state has been argued before, but this relationship is not necessarily undermining the state. For example, Peter Andreas (2013), makes a

compelling argument on the role smuggling played in the formation of the United States. He notes that the state makes smuggling (through laws and their enforcement), and smuggling in turn remakes the state (Ibd.: 2), reframing Charles Tilly's famous statement, "*State makes war and war makes states"* (Tilly 1992*).* Andreas captures the dynamics between state formation and illicit markets when he highlights how these markets shaped the United States of America. Diverse patterns can be found in different cases and should be examined thoroughly. Meagher (2014) shows that smuggling networks had different outcomes in East Africa, where illicit trade fuelled war economies, whereas in West Africa, largely legal goods were smuggled, which in turn reinforced state power instead of weakening it. Hence, the consequences of an illicit economy vary and can hardly be generalized or drawn from singular examples. Nevertheless, it has been established that illicit economies have particular influence on security, protection, territorial control, and economic outcome.

Illicit economies can foster a closer connection between criminals and state officials, by instances of corruption or direct involvement of state agents in illegal activities up to a degree where it is difficult to distinguish between the state and the criminal. Examples for the latter can be found in Burma (Snyder and Duran-Martínez 2009), Guinea-Bissau (Strazzari 2015), and in some areas of Mexico, where non-state criminal actors try to influence policy making through the strategic use of violence and bribery (Lessing 2015). This partial recognition of extra-legal actors and the acceptance of illicit economies is not necessarily an unchangeable fate, nor does it describe a complete absence of state actors and control. Often, state security actors are able to manage protection, suspend or apply it and thereby use their power as a commodity and thus exercise control (Dewey 2012). Hence, the option of imposing law enforcement and implementing harsher rules stays intact and remains an assurance of control for state actors. The persistence of extra-legal actors and illicit economies can also lead to the politicization of illicit economies, which serves as a justification for state intervention. This relationship can result in what Jenny Pearce (2010) called "perverse state building". The potential threat posed by a lack of territorial control or the emergence of crime and violence is often answered in Latin America with hard-handed politics (*mano dura*). This translates into restrictive policies, investing in the state security apparatus and "no mercy" for criminals in the hope to (re)establish government control. The lack of state security provisions can also signal a growing demand for private security operators who in the long run, undermine the legitimacy of the state (Davis 2009; Aguetta 2013). This would be in contrast to the European state formation, which saw a gradual monopolization on violence and eradication of private armed actors (Elias 1994; Spruyt 2011).

Baker and Milne (2015) challenge the strict dichotomy between states and illicit economies, by focusing on states with low capacities for licit revenues. In these cases, states with weak fiscal power might make use of illicit income resources which consequentially are not a problem per se, but instead

are even incentivized by the state. Also endemic corruption can be analyzed more from a "constructive" perspective:

> *"It begins to look less like the dirty pocket money of a naughty state functionary and more like a full-blown economy that financially sustains institutions and their staff, as the case studies in this thematic issue reveal. Indeed, following the money – paying specific attention over extended periods to how illicit monies are generated, circulated and shared – reveals the key role state officials play in the creation and maintenance of criminal economies. Systemic corruption therefore does not necessarily occur beyond or outside of state building. Rather, some states depend on the proceeds of corruption for everyday governance and their very political survival."* (Baker and Milne 2015).

Furthermore, Baker and Milne (2015) describe an example of the logging industry. Once the state defines an area as a protected one, timber extraction, which is a primary income for locals, is criminalized. Needless to say that though the intention of the state might have been noble, this does not necessarily stop the logging. On the contrary, as the example from South East Asia shows, after the law was passed to protect certain areas, state agents earned their share in the form of bribes through the formalization of illegally extracted timber (Baker and Milne 2015: 167).

While it is often argued that illicit economies harm the national economy, we see in fact states profit financially from illegal activities. In the Asian context, Baker and Milne (2015) point out that states may actually use illegal profits for state financing. The states resulting from this are not necessarily weak or strong because of illegal practices. On the contrary, they are able to implement "strong state practices" because they are empowered through the finances of the "dirty money". Revenues of these illicit economies used by the state represent an example that the effect of illicit economies is not necessarily opposed to the state. It is a symbiotic relationship of the state with its periphery that enhances the state's capacity for territorial control. In Gambia and Benin, the illicit economy provides significant state income and is central to the organization of the formal economy (Meagher 2014: 498). On the other hand, economic opportunities offered by illicit economies shapes the acceptance for alternative rule and also for the state. This happens if the population profit from the illicit activities and if there are other ways of money making. The perception of externalities of the illicit economy will translate into the legitimacy of the given order. In areas that have low presence of the state, economic opportunities are scarce since this is an offshoot of infrastructural deficits. Illicit economies therefore, are seen as a good opportunity when other state sponsored options are scarce.

Illicit goods are generally out of reach for extracting state revenues. Often, they consume state revenues in the attempt to fight these illicit economies. But with regard to drug production, there are examples of how the drug trade financed and supported the territorial expansion of the state. For instance, the role of heroin trafficking in the Shan region in Burma (Meehan 2014) and the drug trade in Guinea-Bissau (Strazzari 2014) are classic cases. In both instances, parts of the state could actually

(re)establish territorial control because of the illicit economy. In Burma, the state itself became involved in drug trafficking (Meehan 2015, 2011). Meehan's analysis of the Shan region explains, how the state coopted the opium and heroin trade and how this *"resulted in processes of negotiated statehood, defined by brokerage, coalition building, and the management rather than state monopolization of the means of coercion and extraction*" (Meehan 2015). By using the illicit economy, the Burmese state that had limited territorial control, could hold several incentives to co-opt and regulate different local groups which would otherwise have been out of their control. Hence, brokering a deal with non-state militias, and the indirect profits from the illicit economy helped to project state influence in peripheral areas and extend its influence territorially. Meehan challenges the argument that drug trafficking has negative consequences and argues that "*the social relations surrounding production and trafficking determines the relationship between drugs, conflict and state consolidation/breakdown*" (Meehan 2015: 260).[21] Similar arguments can be found in Latin America. Ballvé (2012) argues that the presence of a paramilitary group that was primarily driven by the drug-economy in the region of Urabá, Colombia, helped to (re)establish state reach in the region. This was accompanied by severe consequences for the local population as human rights abuses and violence escalated in the region, driven by the paramilitary presence. But instead of undermining the state, they actually facilitated territorial expansion. Thus, instead of being the cause of chaos, illegal economies are promoted by the state as "tools and devices of state territorialisation" (Baker and Milne 2015: 166).

Even if the state defines and castigates illegality, the differentiation between the legal-state versus the illegal non-state is not always clear cut. Illicit economies are mostly not completely detached from the state and its formal laws and rules. Actors move between the two structures, where the boundaries between legal/illegal and legitimate/illegitimate are sometimes hard to define. The results can be the formation of a hybrid norm system which includes state and illicit rules. Local politicians for example, have less leverage to implement their policies and they are also not necessarily involved in implementing government policies. This makes those areas more prone to creating hybrid systems, which give local politicians more opportunities to implement their policies. With regard to the state, the illicit economy generates profits that can benefit state institutions.

Various studies have been argued before that illicit economies evolve and rise especially in regions of low state control or in transition phases. This has been argued by Vladim Volkov, who describes the rise of the Russian mafia in the countries transition to democracy. He makes the argument that "violent

[21] Meehan contents that it is not necessarily a "successful" form of state building since it loses "moral legitimacy". Non-state militias profit from an uneven power distribution (Meehan 2015)

entrepreneurs" developed in this transition phase. While the state did not account for a monopoly of violence these groups filled a gap with private security actors (Volkov 2002). Varese (2001) and Dewey (2011) present other examples of illegal protection where the state cannot provide for it. This does not lead to more fragility, but rather results in a (re)configuration of local rule.[22] It creates an illegal-state protection system, in which state forces sell protection to criminals to shield them from state prosecution or where state agents sell their protection to civilians to protect them against criminals. Dewey (2011) argues convincingly in the case of the Argentinian police forces, that this type of illegal protection does not necessarily results in weakness. On the contrary, it manifests into a hierarchical order that allows the police to hold on to its superiority in the local pecking order, and enables them to fulfill their tasks. This strengthens state institutions, but not the state as a whole. Thus, this hybrid action of the state institutions selling protection illegally while at the same time securing order does not necessarily strengthen the state, but has several consequences. Firstly, they provide security through state actors even if this comes through the informal selling of protection. Secondly, although state actors are providing protection, it weakens the state at the same time, since there is no respect for the legal boundaries set by the state. And finally, this form of informal protection through formal security actors results in a form of resource extraction and a sort of informal taxation. Recently José Miguel Cruz (2016) made a compelling argument for Latin America, that high levels of criminal violence are related to the transition for democracy, when political actors connected with criminals to increase their political reach.

In extreme cases, an illicit economy might be a vital part of the state and not only connected to state actors, but also intrinsically linked to its structure. However, discussions about these topics are often normatively biased and relate to instability and violence. Guinea-Bissau is a case in point and often paints the portrait of a "narco state". The shortcomings of such a term were recently addressed in an edited volume by Patrick Chabal and Toby Green (2016). In the case of Guinea-Bissau, the authors highlight how elites made use of the drug economy when few other resources were available. There is no doubt that the country became a hub for drug trafficking and that elites were deeply involved in it, but the relation to security or poverty is yet to be analyzed (e.g., being a consequence or a symptom). The authors argue that *instability* is not a consequence of the drug trade but stems from it (Chabal and Green 2016). The categorization of a "narco state" or "mafia state" offers no analytical depth that allows tackling of the social and political complexities within the countries (similar to the terms of state "fragility" or "weakness") (for a discussion Andreas 2012). Instead, analysis of the social and historical conditions should be preconditions for the analysis. Hence, a clear delineation of illicit economies and

[22] Volkov´s work on the Russian organized crime also sees a connection of privatization policies in post-soviet Russia with the emergence of illegal actors (Volkov 2014).

the state might not be useful for an analysis since the entanglement of state officials and institutions with illicit actors and illicit activities, might be a crucial aspect in understanding state formation processes. Therefore, a more nuanced approach for analysis is needed, one that explores the practices and processes in more detail.

Following these thoughts, I contend with Felbab-Brown to follow a new approach and not see crime or illicit activities alien to the state or state formation*: "In strong states that effectively address the needs of their societies, the non-state entities cannot outcompete the state. But in areas of sociopolitical marginalization and poverty—in many Latin American countries, conditions of easily upward of a third of the population—non-state entities do often outcompete the state and secure the allegiance and identification of large segments of society." (Felbab-Brown 2010: 156).* Starting from these approaches and the recently growing awareness that crime and its externalities should become more included in political science research (Barnes 2017), this thesis approaches illicit economies and analyzes its importance for the state. The focus on local order will thereby help to analyze the consequences of the illicit economies and the relevance for state society relations.

The impact of illicit economies on local order and ultimately on the state formation process, needs closer examination. In the brown spot areas, there is often not a clear delineation of what constitutes illegitimate formal and informal behavior. Furthermore, state rule is not or only partly accepted by the population. This becomes even more significant in regions where illicit economic acts might be regarded illegal but perceived as legitimate, for instance, when they are providing livelihoods to the majority of the people. This reasoning makes the imposition of state rule seem like a threat of perceived legitimate rights.

2.2.2 Illicit Economies and Order

Control over its territory has become a classical feature of states with a "Weberian" lens. Yet most states differ from these "ideal types" and lack such a control over the territory.[23] These areas are effectively controlled by other actors. These actors do not endanger the stability of a particular region or integrity of the state. In fact, they can act as providers of stability by controlling a certain territory (Arias 2017). This might happen parallel to democratic consolidation of the countries and instead of being antagonistic, it is an analogous process, producing parallel structures. These parallel structures are not necessarily opposing the formation of states, but within them, local authorities exercise control

[23] Weber was well aware of this fact when he was describing his "ideal types" (for a discussion see Migdal 2001)

where the state cannot or does not want to. Often, these areas stay untouched by the state and leave space for the development of an alternative territorial control by criminal actors, among others (Ibd.).

Three regions can be highlighted in this regard: border regions, as well as marginal urban and rural areas. These areas are suitable examples as they are particularly prone to alternative order. They exist mostly in the margins of state powers, while at the same time smuggling of various types of goods offers a lucrative income possibility for the many types of non-state actors. Smuggling of weapons, drugs, natural resources and humans are the many ways in which the border offers opportunities for illegal income. The conditions of low state control and lucrative illicit business opportunities can create conflictive dynamics, affect territorial control along the smuggling routes and provoke informal rules for exchange. Thus, in the borderlands we can see regulatory dimensions. Paradoxically, state borders also offer a territorial dimension of rule (Clunan and Trinkunas 2016: 102-104; Idler 2014; Andreas 2003). Furthermore, in *favelas*, *comunas* or informal dwellings of cities, illicit economies are often accelerated through internal migration. Consequences can range from gangs to informal rule in those parts of the city (Arias 2006, 2010; Hazen and Rodgers 2014; Muggah 2015; Trinkunas and Clunan 2016: 104-107). Lastly, unequal state development creates peripheral rural areas, where state presence is scarce and illicit economies can rise without much resistance. This is especially visible in drug producing regions. In all of those areas, illicit economies can flourish because of the absence of a functioning sanctioning mechanism by the state as well as through non-state actors who act as a driving force for the development of illegal markets.

We are witnessing processes of contested, entangled, and parallel powers within states. Be it Afghanistan, Iraq, border regions in Colombia, Michoacán in Mexico, favelas of Rio or coca growing areas in Peru, to name a few. In these areas, the notion of what is legal and what is not becomes blurred, since the notion of the state that defines legality is unclear as well. At the same time, other forms of alternative rule become visible. Recent studies challenge the understanding of the "weak state – organized crime rationale" and broaden our view on legitimate rule besides that of the state. More specifically recent work stress the effect of criminal actors on local order. In urban areas in Latin America studies highlight alternative rule and social order that evolved because of an illicit economy or criminal actors. The works of Gustavo Duncan (2013) or Abello–Colak, and Guarneros-Meza (2014) on Medellin show how this was closely to the drug trade. Gustavo Duncan (2013) analyses Pablo Escobar's role in the city suburbs in Medellin, that surpassed the typical corrupt or violent approach of criminal groups („*mas que plata o plomo*"). Escobar not only dominated the areas with violence, but also reorganized the local power structure, including the provision of services, through a network of "employees" (Duncan 2013, 2014: 264-271). This network operated out of many "mini-cartels" and extended the power of "El Patron", Pablo Escobar. It is important to see how rule and power structures

are established and what they are based on. Ruling actors emerged because of the illicit economy and the lack of state control. This does not imply that everybody necessarily supports these actors, but suggests that they fill a void left by the state. In a thoroughly study Desmond Arias' (2006, 2010) work on urban grey zones such as the favelas in Rio de Janeiro[24] or more recently in a comparative study on Medellin, Rio de Janeiro and Kingston he highlights how these actors do not only create a system for security provision but also political control and civic organization (2017). Although examples differ a lot from each other, they share similar preconditions such as informal dwellings in or surrounding big cities, low or no state control, and the emergence of gangs as local power holders. Those are good examples that explain how governing structures are formed in areas with low state control that are actually based on an illicit economy. Dennis Rodgers (2009) analyzes how gangs influence local structures in urban neighbourhoods of Nicaragua and how they affect community identity. The now classical study by Diego Gambetta on the Sicilian Mafia presents how void for state security creates a demand for protection, which was filled by the Mafia (1993). Intentionally or not, non-state criminal actors often fill a void left by the state and their services are then used by the local population. Hence, there are various studies on the influence of criminal actors on local social order, often with an actor's specific view. Undoubtedly, the influence and charisma of people such as Pablo Escobar facilitated the emergence of these alternative rules and we gain valuable insights when focusing on his role. Diane Davis (2010) offers with "fragmented sovereignty" an interesting concept that can help to capture the attempts of criminal actor and -organizations to create as social basis and organization in areas where the state does not provide for it. As some authors point out, pursuing legitimacy can be important for traffickers who make significant efforts to build support among the population (Felbab-Brown 2011; Arias 2006). Ultimately, Barnes (2017) calls for a conceptualization of criminal organization as political actors and broadening the debate and analyzing the variety of influence. In particular, he focusses on the aspect of violence and promotes an organizational framework for analyzing the relationship of crime and states. While all of these contributions highlight important aspects for the research on crime and for broadening the debate, the majority focusses on actors. However, the mere focus on "actors" will not lead us to understand the nature of local social order when influenced by an illicit economy and should therefore be broadened. This thesis seeks to move beyond the focus on groups or actors and instead seeks to understand the externalities of an illicit economy on social order in the margins of the state.

[24] Misha Glenny (2014) describes in detail the rise and fall of Antonio Francisco Bonfim Lopez ("Nem"), a Brazilian gangster boss who came to rule probably the biggest Favela in Brazil, not by brute force but by the establishment of rules respected by the people.

As studies have shown, those externalities of illicit economies can result in different forms of social domination (Auyero and Berti 2015; Dewey 2016; Dewey and Beckert 2017). In some cases, this might be direct. For instance, criminal actors finance visits to hospitals, provide food, or loans. In another instance, the illicit economy itself provides the necessary funds to purchase goods and services by giving the opportunity to work in the first place. Large scale infrastructure investments such as the construction of streets, water systems, hospitals, and schools are usually not found and stay in the hands of a state that is not able or willing to provide it. Hence, up to a certain point, illicit economies can account for the need of the local population, but they cannot fully replace the state. Strazzari (2014) shows that in Guinea-Bissau, which many regard as *the* showcase of a "narco-state", state involvement in drug trafficking, in fact assures and retains its position (Strazzari 2014: 30; also Chabal and Green 2016). "*Political tolerance, often expressed at a local level and in an informal fashion, plays a pivotal role in providing political stability and the means for the continuing success of the market*" (Dewey 2016: 7). Externalities like violence, produced by illicit economies can be negative, but can also have positive outcomes, for instance, in producing economic outcomes for people in areas with low economic possibilities, securing the provision of electricity such as in the favelas in Rio and creating a consistent security structure. This in turn defines their reaction towards those who stand for or against this economy. Thus, if people regard those externalities as mainly positive, they would rather support the alternative local order, even if it is considered illicit.

Drugs can be an important financial resource for non-state groups. For example, rebel groups during war and postwar periods. In light of the "greed" argument, these "lootable" resources which are relatively easy to extract, might prolong the war since they provide financial options for fighters and represent incentives for personal enrichment (Collier and Hoeffler 1998; Ross 2004). Peace would be an undesirable condition in this regard, not only for political but also financial reasons. Besides playing a role in the actual fighting, illicit economies can play a pivotal role in the post-war period (Goodhand 2009). Following this, peace represents high opportunity costs for rebel groups that base their finances on the illicit economy. In case of the FARC in Colombia, it is argued that the cocaine industry not only helped to finance their fight against the Colombian state, but also enhanced their capacity for corruption and influence on local politics (e. g. Cornell 2005). However, the economic argument can also be viewed differently. Snyder (2006) argues that "lootable" resources can be regarded as a factor that promotes instability and in contrast, also an element that maintains political order.[25] This would

[25] Similar arguments can be raised for transforming war economies and peace processes. The presence and interdependence of many actors such as organized crime groups, gangs, and smugglers may also harm the peacebuilding process and penetrate local government structures (Cockayne and Lupel 2011). Also war economies might transfer into peace time when a power vacuum after war offers opportunities for installation of illicit economies (Pugh et al. 2004; Andreas 2009; Berdal 2009).

depend on the actor's mechanisms for extraction that evolve regarding these resources (see also Goodhand 2009). In the instances of regions where state rule is scarce or (re)established, the state has to deal with different forms of order, some of which support the illicit economy.[26]

Dewey et al. (2016) describe an entangled order that result as an interaction between two sets of actors; the state actors and the non-state actors involved in illegal and informal activities. People might enter the illicit market simply because of the lack of opportunities to earn money legally. Nevertheless, they can be connected to the legal market. Engwicht (2016) describes the Sierra Leonean diamond market, where illegally mined diamonds are sold on an illegal market to a legal firm. The connection to the legal market justifies illegal earnings in the first place, while there are additional links between the legal and the illegal sector. Actors rarely inhabit the illegal sphere in totality. Instead, they swerve between the legal and illegal spheres, for example, they could be using facilities to launder money or simply be buying legal objects with illegally earned money.

Legality and illegality are defined by the state that regulates the economy. Therefore, illegal markets can only be explained in relation to state development and its definition of illegality. However, what is legally wrong might be morally acceptable or even supported by the population. In other words, the notion of what is defined as illegal by the state can be at the same time seen as legitimate by the population, resulting in a form of legitimate illegality (Mayntz 2015). This notion might seem trivial, but is an important guideline for the construction of a society. Illegal economies interpret state laws in real life by influencing the notion of what is accepted and what is not. It also examines the rules that are seen as appropriate to be followed. Following Webers definition of legitimacy, it is significant if people believe that the norms are legitimate ("*Legitimitätsglaube*", Weber 2010). While people might accept state norms and rules, they might also follow what they *believe* is an "adequate" behavior even if state law defines it as illegal. Thus, not all that is considered illegal is illegitimate while on the other hand, not everything that is allowed by the state is seen legitimate. "*If the legitimacy of a political authority is contested, or if a political authority cannot impose threatened sanctions, illegality is only formal. Where formal legality and social legitimacy diverge, legitimate illegality flourishes*" (Mayntz 2015: 3). These forms of illegality become deeply embedded in the system over time and might play a decisive role in fostering new forms of memberships for social groups (Dewey 2016: 9). Consequentially, these social practices are then defined from outside, taken as part of illegal acts that ought to be penalized by the state. However, they can also be defined from within as a connecting factor to those being confronted with the threat of getting punished. Thus, the state has the leading

[26] Other examples are on organized crime in West Africa (Vorrath 2015) or overviews on organized crime per regions or countries (Albanese 2014; Baigly 2009; Vanda Felbab-Brown 2009, 2011). Further links are drawn to gangsterism in Central America (Muggah and Rodgers 2009), criminal governance (Arias 2010), OC and state development in Iraq (Wiliams 2015).

role in defining what is legal and what is illegal. Furthermore, the definition of legality and illegality is also a tool of power. Defining something as illegal enables the state to act against illegal practices, which might result in incarceration or a justification for using other coercive means. On the other hand, illegal markets in regions where the state has only little influence, creates a social reality, which in the end might depart even further from state influence.

The state plays an important role in the evolution of an illicit economy by defining what is legal and illegal, and therefore creating the opportunity for illegal activities in the first place (*every law has its loophole*, *hecha la ley hecha la trampa*). One crucial aspect of the state is the distinction between private and public. The state has the right set of rules and regulations to intervene in the social realm. The private realm on the other hand, is regulated by individuals and non-state agencies (Migdal and Schlichte 2005: 27). A clear distinction between both is not easy since it is not a fixed divide. On the contrary, in societies, there is a constant discussion on how far the state is "allowed" to interfere in the private realm for the greater good.[27] By defining what is legal and illegal, the state sets the rules and if within a given territorial order, rules are implemented, they lead to common practice (Elias 1939). The legal definition is therefore a crucial task of the state. As the central authority, the state not only sets rules, but also implements them and needs to be able to sanction those that are acting against the law. Rules do not just function to regulate the society, but also are a means of securing domination (Migdal and Schlichte 2005: 31). Laws can be understood as an institutionalized form of state domination that stabilizes and controls power relations (Ibd.). A clear definition of legal and illegal practices can either lead to conformity or inconformity of those rules. Conformity towards state rules depends also on local tradition and practices beside the state's ability to inflict punishment. In regions with low state control, this becomes more obvious. In these areas, rules certainly do exist, but there are no penalties by the state, given its limited scope. Thus, even if laws exist, the state has no mechanisms to actually implement its rule. These are essentially brown spots or grey zones where unlawful behavior stays unpunished and thereby, exposes the limits of the state. Nevertheless, these areas are not "unruly" but have alternave rules and practices.

Recently research has shown, regions that are influenced by illicit economies can result in formal and informal practices in areas where the state cannot implement a monopoly of violence or provide for basic services. Consequently, in many regions, we find a connection between these two spheres, where illicit actors influence state actors or state actors cooperate with non-state actors and indulge in illicit practices (Lund 2006; Dewey et al. 2017). The interaction of the illicit sphere with the formal

[27] The discussion about the trade-off of giving away privacy for getting (supposedly) more security might serve as one example.

state actors produces different forms of orders wherein rule and power structures deviate from formal and state dominated order. But, we should not forget, even in areas where state dominance is contested, the state is often present. As Dewey and colleagues hold: "*the provision of goods and services in such areas takes place as the result of the interaction between legal and extra-legal actors, leading to a regime of domination in which patrimonialistic and rational bureaucratic principles are closely intertwined." (Dewey et al. 2017: 399).* These interactions and practices can result in a social order that might differ to other areas with an unchallenged dominance of the state. In a dynamic process, these rules secure the provision of goods, services and economic outcome and also provide security. The interaction of formal state actors with extra-legal actors might also depend on the type of illegality, producing different levels of orders. While some illegal goods such as fake clothing and pirated DVDs are ordinarily tolerated,[28] there are also the ones that are publicly condemned, like drugs and human trafficking. Illegal drugs are often suppressed with high levels of coercion by the state not only in the cities, but also in the production areas. Nevertheless, they can be socially accepted. Illegal economies and illegal acts are perceived differently if they are embedded in culture or tradition (Dewey 2016: 5; Beckert and Dewey 2017).

Hence studies point out, illicit economies have a regulatory impact, structuring social and political life in the form of a hybrid configuration in connection to the state, or as an alternative structure parallel to the state. Dewey and others describe the result of fragmented order as clusters of orders: "*Clusters of order emerge when the synergies between actors involved in illegal activities and state agents are able to deliver important resources to certain sectors of the population and achieve a certain degree of authority and domination in these groups*" (Dewey et al. 2016: 9). Regions with low state control offer conditions for the development and expansion of illicit economies because the sanctioning capacities of the state are low or non-existent. This leads to the emergence of local power actors who are not necessarily directed against the state, but form alternative systems (Dewey 2016; Davis 2010; Clunan and Trinkunas 2010). As discussed above, low state capacities in some areas lead to hybrid systems or alliances between private actors and the state instead of direct confrontation. Illicit markets can play a role in these situations, by (re)structuring of local rule and creating memberships for social groups (Dewey 2011, 2016). Local rules might be seen as more legitimate than the state precisely because it backs the illicit economy. This includes the externalities they have for the state and society. The population supports the illegal economy and might also regard it as positive as long as they feel that

[28] There is no problem locating a shop with pirated DVDs or a center with fake clothes in Bogota or Lima and in part these shops, like other legal stores, are tolerated and guarded by the police. See also Dewey (2015, 2016) for a discussion on illegal markets and security provision in Argentina.

the “positive externalities” for the particular region or area overweigh the negative. This in turn can be reflected in the local order.

The previous chapters have highlighted the unequal distribution of state reach and the necessity to include non-state order. In this regard, this thesis moves beyond a Eurocentric focus on state formation and endorses approaches that highlight local and social dynamics. For the analysis the previous chapter has called for a more nuanced approach to capture local dynamics. Furthermore, it has shown that the relationship of illicit economies and the state is not necessarily damaging but can result in an ordering aspect or even a defining feature of the state. Having these two aspects in mind, I will define in the next chapter a concept that enables us to analyze the effect of illicit economies on local order in a structured manner. Hence, the aim of this study is to focus on areas in the margins of the state, territories with low control of the central state where local order might differ to the “normatively correct” order of the state or regions that are in within state control. In these regions institutions evolve that are not only different to those of the state but where influence of the illicit economy is high.

3. The Conceptual Frame

In many of the regions described above, local order is not defined by the state. Public goods and services, including the provision of security, are provided by other actors. This chapter sets the conceptual framework for the thesis. I argue that the presently used concepts on the state and brown areas are not sufficient to trace the influence of illicit economies on local order and ultimately their influence on state formation. Analytically, it seems therefore more useful to disaggregate the boundary between society and alternative order. I propose a concept to analyze local order and to include the use of *fields of power to* provide the basis for a discussion on state formation and illicit economies. Not following an ideological and normative understanding of state presence opens up the possibility to include illicit economies and actors as part of a process, which is not as harmful for the state and the state formation process as it had been regarded. This entails that an analysis on the influence of illicit economies should not focus on the state and state agents alone, but should also include non-state actors and illicit structures. Thereby, I build on recent studies that address similar aspects (e. g. Arias 2010, 2017; Dewey et al. 2017).

The thesis seeks to move beyond a state centric approach and non-state actors as well as an illicit economy are not *a priori* understood as a threat towards the state. As I have discussed before, the presence of illicit economies does not necessarily lead to disorder, instead they lead to specific types of order depending on local circumstances. Thus, in this study, their role in state formation is included into the analysis by looking at key aspects of local order and by analyzing how illicit economies affect

local order. As I have defined, this thesis looks at illicit economies as locally bounded economies that are based on the production, trade and/ or services which are officially banned. Acknowledging the variety of order in the particular regions allows us to make an in-depth analysis of the respective region. That involves the historical and structural aspects and allows the inclusion of dynamic processes of power shifts. In this chapter I will specify the concepts for my analysis. Thereby, I will define the key components of local order consequentially from the previous analysis. This chapter will also explain why these aspects are essential for analyzing the effect of illicit economies on local order and for the state formation process.

3.1 Defining Local Order

While it was long time believed that order was first and foremost produced by the state, I have highlighted in the previous section that this is not necessarily the case. The limited reach of the state does not leave areas uncontrolled or ungoverned and in disorder but in these regions we rather see alternative rule and order (O´Donnell 1993; Levitski and Helmke 2006; Erdmann and Engel 2007). This has also been shown for the cases of civil war (Kalyvas 2006; Weinstein 2007; Kalyvas et al. 2008; Arjona 2014, 2016). Instead of the state, also, local groups might have an important role in local orders. These can be church groups, sports clubs, schools or cooperatives that give structure to community life or can organize marches and protests, but also criminal groups can fulfill such a role (Arias 2010, 2017: 26-27). Also, the interplay of the state with informal rules or hybrid orders have been highlighted before (Erdmann and Engel 2007; Lund 2006; Boege et al. 2009; Dewey et al. 2017). In this thesis I will build on these results and moreover concentrate on the effect of illicit economies on local order.

I refer to local order as a frame that gives a predictability of clear rules (formal or informal) in a given territory and that offers guarantees to meet economic needs and personal security. I define local order as a combination of institutions *and* practices that structure social interactions, and organization in a given region, which have formed in historical processes.[29] Bearing in mind that order can vary across space and time, I regard the following categories as essential features for local order: the provision of security, the provision of economic means and the presence of clear rules (North et al. 2009).[30]

[29] Ana Arjona (2016) convincingly argues that rebels prefer order over disorder and influence territorial rule, the political and economic sphere as well as social life. This in turn would lead to a reinforcement of territorial control (2016: 11-16). While Arjona addresses the conscious production of a social order by rebels (which she calls Rebelocracy or Aliocracy) the present study highlights how local order is formed unconsciously as result of a formative process.

[30] In fact, these factors are typically also related to core functions of state order (e.g. Weber 2010; Mann 1993). Even if Weber did not directly define what he understands by "order", we can follow from his work that the basic principles "structures" which are based on the principles of security provision, economic stability and territorial rule (Anter 2014).

A core condition for this local order to be sustainable is its acceptance and the belief of its rightfulness. To control a certain territory, the possession of means of coercion is necessary, but not sufficient and, as it was already argued by Elias (1994), presupposes a certain amount of internal social organization. We can assume a general belief of what is right or wrong therefore lies beyond the demand for coercion and the sanctioning capacity of the "ordering" entity. People follow rules either because of the ultimately coercive means of the ruling actors or because they believe that the rules are "just" and serve the society. Accepting the rules and the coercive power is therefore connected to the belief of its *legitimacy* (Tyler 2006). This does not imply that coercion cannot play an important role in local order. On the contrary, imposing rules through coercion can be very effective in the short term and but might be less sustainable in the long term, especially if the means for control are limited. Hence, providing and securing rule does not only come through the fear of coercion but rather stems from the "belief" that the rule is just and "legitimate" (Weber 2010; see also Lukes 1987; Tyler 2004; Bonacker 2012). This belief in the legitimacy of rules can refer to formal rules given by the state but it can also be referred to local traditional rules, which reflect the belief and acceptance of the local population.

The legitimate form of order is thus based on an affirmative relationship among those that govern, and those being governed; or in other words, trust by those who are governed. For Alagappa (1995: 15), who worked on political legitimacy in South East Asia, key terms described for legitimacy are shared values, conformity with established rules for acquiring power, and the proper and effective use of power and consent.

> He adds that legitimacy "*is the belief by the governed in the ruler´s moral right to issue commands and the people´s corresponding obligation to obey such commands. Legitimacy is furthermore a dynamic interactive process between actor and those being ruled. Thus it is not a teleological aspect. A relationship between those being governed and those who govern is based on shared norms and values"* (Alagappa 1995: 29).

Similarly, Beetham stresses an important specification, when he holds that it is not only the belief in legitimacy, but one act in accordance to such a belief (Beetham 1991). Hence, legitimacy is a commonly accepted condition for stability of a given order, whether formal or informal.

Local order can be guided by formal and/ or informal rules that developed over time and that meet the collective belief of the population. Fundamental aspects for a local order are the provision of security and the control of violence, as well as the access to the economy and clearly defined rules (North et al. 2009). I am building on this premise when analyzing the effect of illicit on local order economies in the margins of the state. Therefore, I will analyze how institutions and practices are expressed in the following core areas: security, economy and rules. Order is formed in a historical process while there is no actor that consciously "construct" this type of order. I assume that it is formed

as a result of a process, which is deeply affected by the illicit economy. Therefore, the analysis of this process will be a key part of this analysis.

Another important facet of local order is not only the use but also the distribution of power. I am focusing in particular on the dynamic processes of power, conceptualized by Pierre Bourdieu. Before I will come to the definition of the concept of power used for this thesis I think it is important to highlight some understandings of the widely discussed topic. From Weber's understanding power as the chance "*to realize the own will, even against the resistance of others*" (Weber 2010). Weber does not specify the sources for this "chance". It can derive from structural, social or historical contexts. Coercive force is therefore not necessarily a precondition to power, but might be used as *ultima ratio* to achieve a political goal. At the same time, Weber understands power as a process; power is not static or absolute (Weber 2010). In a more *definite* sense, power can be understood as the absence of violence. According to Hannah Arendt (1970), the need to use violence in order to get people to follow an order rather reflects on the lack of power than the possession of it. For Arendt, power is not so much about the position of a particular actor or institution as it is about a relation within the political sphere. Following this understanding, the use of violence disqualifies people from wielding positions of power. That is an important aspect that leads us to recognize the non-violent aspects as well as the diversity of power. Furthermore, we can hold that power does not derive from a single dominant institution or actor but is more disperse, decentralized and executed in society. In fact, the presence of power is not only ingrained in society, it produces reality of society (Foucault 1991). While I agree with these understandings of power, I want to stress the relational aspect and the basis of power in a cultural and societal setting (Bourdieu 1985). This thesis takes this relational aspect into consideration for the theoretical analysis as well as the empirical assessment of the case study.

The distribution of power and control in a given local order often is diffuse and does not depend exclusively on the relationship with the state (it is sometimes less firmly institutionalized as well). In contexts of low state control, the assessment of different sources of power is therefore helpful to analyze the power relations more closely. For example, the relational aspect of power is important and can give us a deeper understanding on the dynamics between different actors. Instead of focusing on the power of the state, this approach asks how different forms of power develop in areas that have low state control. The concept Pierre Bourdieu elaborates with his "fields of power" takes this relational aspect into consideration and offers both a theoretical contribution as well as an analytical tool for our analysis. According to Pierre Bourdieu (1986), power is based on the inequality and distribution of the social, political, and economic "*capital*" that defines positions in a field. By adding this aspect to the analysis, the study takes the dynamics of power into account and will be able to describe more accurately the relationship of illicit economies with the state in "brown spot" areas. This

conceptualization opens analytical possibilities to capture local processes in relationship to the state. It also captures social processes and structures as well as the dialogical relationship between the state and local order. This will give us analytical depth and highlights not only the dynamic process between actors but also the setting in which this process takes place. This is why I will apply concepts of local order and power into the analysis. In this sense, by synthesizing the current debates I will analyze how illicit economies affect local order, including security, economy, territorial rule and relational power.

3.2 Local Order: Security, Rule, Economy, Power

The following will present four factors that are important for analyzing local order in the margins of the state: the economy, security and protection, territorial rule, and power. I understand these factors as interlinked and it is important to include all of them and their relationship into the analysis. These elements also enable us to link our analysis back to state formation. Additionally, I regard the analysis of the historical development of these regions as a core factor, since we get an overview over the basis of local order and the basis for the dynamics in the region. Indeed, by following the previous analysis and by understanding that there are alternative structures to those of the central state, these factors serve as important aspects for understanding the impact of illicit economies towards local order.

3.2.1 Historical Development

According to Tilly (2006: 521), the recognition and analysis of history is essential for explanatory political science. Soifer argues, in particular for Latin America, recognizing historical continuities are essential in understanding the presence (or absence) of 'stateness' and must therefore not be understated (Soifer 2015: 250-252). This becomes even more important when focusing on the formation of local order and social structures and their relation towards the state (Migdal 1988; Elias 1992; Mann 1993). Areas in the margins of the state often represent alternative rule, but also show different social dynamics within the territory (O´Donnell 1993; Herbst 2002; Scott 2009). For analyzing the specific local order in a certain territory, historical patterns that led to the colonization of this territory and the current organizations are important aspects, since a clearly defined territory also defines the region of influence by actors and/or structures. The historical context allows us to identify the most important variables and to integrate them into the analysis of social powers in relationship to the state. Or in the words of Pierre Bourdieu: "*The social world is accumulated history* (…)" (1986: 241). These aspects are also crucial for the formation of states in relation to the concentration of power (Tilly 1975; 1990; Mann 1993; Bourdieu 1994). Hence, getting an understanding on how regions within a state are formed and how local order developed is a precondition to analyze the role of illicit economies and the connection to the state.

For analyzing the historical aspects, I will refer to state policies of integrating the marginal regions to the state. Furthermore, I analyze how the historical process of state formation and integration of marginal areas played out on the national level before I will zoom in to the regional and local level. Similarly, I will analyze national drug policies and their effects on the regional and local level. Finally, I will highlight local dynamics of migration/ colonization and the evolvement of local order as well as the evolution of an illicit economy and its importance in the region.

3.2.2 Economy

The assessment of economic consequences is difficult mostly because of the reliance on data. This is why studies that rely on estimations are driven by a political agenda and should be put into the relevant context (Thoumi 2005; Andreas 2011). The effect of such illicit economies is therefore particularly difficult to measure in large-N-studies. More focalized studies have shown that it is not a binary relationship that has either low corruption with high state capacity or high levels of corruption with low state capacity. Instead, they highlight that corrupt practices can in fact support state capacities. Low revenue states might even promote these for the extraction of resources (see Baker and Milne 2015). In this sense, illicit resources can also be understood as a commodity that strengthens the various forms of state formation. The economic effect of illegal practices and illicit economies is case sensitive and a number of emerging academic works explores the variety of effects. Contributing to the literature, this thesis focuses on the effects on the local level and how they are established in the local order.

For the assessment of the relationship between legality and illegality, legitimacy becomes an important aspect. In public perception, the definition of something as illegal often implies a certain deviation from a "moral standard". However, that does not have to meet the same standard on the local level. What is considered formally illegal might be viewed as socially legitimate. Legitimacy always depends on the "beholder" and can therefore differ from legal norms. Illicit economy or its externalities can therefore be accepted or even regarded as legitimate. As Renate Mayntz calls it "legitimate illegality" (Mayntz 2016). Acknowledging the potential deviation between formal legal norms and legitimacy is crucial for our understanding of illicit economies. Both can guide local order in a parallel, combined, or separated state. For our understanding, it helps to recall the importance of the subjective concept of legitimacy; taking Weber's understanding of legitimacy as a subjective belief into account, local acceptance the economy and its externalities will help us for the assessment of the economy and local order (Weber 2010). A legitimate order is one that meets the people´s demands, which is related to how these markets are perceived in the population.

The principal and most direct form of influence by illicit economies can be sensed in the economic sector. These can be direct and indirect influences. Instances of direct influence include the "employment" in an illicit activity or the facilitation of illicit deeds. Indirect influence can be seen with regard to money laundering, investment of illegally earned money in legal businesses, rising price levels, and even signs of a "Dutch disease", because of the inflow of illegally earned money (eg. Thoumi 1995). The leading questions here are: What role do the presence of illicit goods play in the overall economy? How far is the legal economy related or even dependent on the illicit economy? How is the overall economic situation perceived by the population? The thesis analyzes three aspects os the economy: 1) the basis of the local economy, 2) the involvement and acceptance by the population, 3) the relationship towards legal and illegal economy.

3.2.3 Security

According to Guistozzi, the security provision can be taken over by different actors, particularly in regions where the state cannot provide for security (Guistozzi 2011). This is tolerated as long as these non-state security actors do not turn against the state center. However, as Guistozzi tells us from a historical perspective, these non-state security actors often provoked a state-building from below (Guistozzi 2011: 200-202, 232). Elias (1994) described the centralization of security and the monopolization of violence as a process. While at first, violence and security was a private or traditional possession, it finally became monopolized as a form of public "possession".[31] Hence, the role of non-state actors in the state formation process should not be underestimated. Security services were provided by rebels, mercenaries, bandits, paramilitaries, militias and so on. On the contrary, as Davis, Pereira and colleagues have shown, the role of non-state security actors plays an integral role in politics and state formation (Davis and Pereira 2003).[32] The form and development of these processes is highly case sensitive. In some instances, the state cooperates with criminal actors in order to fight crime.[33]

The presence of illicit economies, can be but is not necessarily linked with violent actor and insecurity, even if academic and policy related works often explore this connection (Albanese 2005). The drug

[31] For a discussion on violence in these processes, see also Kurtenbach and Wehr 2013, and Davis and Pereira 2003.

[32] In post-conflict situations, control of violence is particularly relevant. Kurtenbach shows that the ending of conflict does not result in the ending of violence. Instead, we often see life in a grey zone of formal peace and on-going violence. In context of the youth, this results in a difficult situation when growing up in environments of violence, insecurity and crime (Kurtenbach 2011; Kurtenbach and Hensgerth 2011).

[33] During the search for Pablo Escobar, security actors of the Colombian state infamously "cooperated" with paramilitary groups and the Cali Cartel, including ex-guerrillas. The cooperation was probably necessary in order to find Escobar (which ultimately meant killing him), since the state security institutions were incapable of capturing the head of the Medellin cartel (Duncan 2006; Bowden 2001). These instances of "cooperation" do not necessarily indicate a weakening of the state, but could signal a broadening of state influence.

market is probably the most prominent example where the nexus between illicit economies and violence is discussed. The argument is often made with regard to the "war on drugs", and the escalation of violence in Mexico. However, recent studies show that violence and drug markets are not necessarily interlinked in a linear way. Eruption of violence depends very much on the structure of the market and whether it is stable, unstable or highly competitive (Snyder and Duran-Martinez 2009; Andreas and Wallmann 2009, Friman 2009; Snyder 2006). Duran-Martinez (2015) focuses in her work on why there are variations in drug related violence in the comparison of five cities (Cali, Culiacán, Ciudad de Juárez, Medellín; Tijuana). She found that the fragmentation of the security apparatus is an important aspect as it becomes less reliable the more fragmented it gets. Violence also depends on the number of organizations competing for market shares. Hence, low cohesion in the state security apparatus and high fragmentation of organizations are important aspects when considering whether organized drug trafficking leads to violence or not. While non-state actors in an illicit economy are often portrayed as illegitimate and a threat for security, several empirical studies show that these non-state structures and actors can play an integral part in violence control and security.

This thesis includes security as an important factor for local order. While I have discussed that illicit economies can affect the security situation, this thesis accounts for the control of violence and the provision of security and how it is affected by illicit economies. With the analysis I give an understanding on the regulation of violence, the role of the actors involved and the impact illicit economies have on local security. These aspects are related to the following questions: How do actors became predominant in the institutions they formed to provide security? In which structures are security actors intertwined? Do state and non-state security actors oppose each other or cooperate? Besides the formal security structure, the study asks for security perceptions. How does the local population perceive security and security providers? What is their impression about the personal and community security situation? Thus, the main aspects involved in the assessment of security are 1) security structure (e.g. formal or informal) 2) public safety and security perception 3) connection to the illicit economy (e.g. as source of resources).

3.2.4 Rule

As we have seen, the presence of illicit actors and the absence of state control does not result in chaos, or the nonexistence of rule. On the contrary, as I have mentioned before, a number of studies show otherwise and presented evidence for rule by illicit actors. I have defined rule as a key feature of local order and which I will analyze regarding "trust", "rules" as well as "formal and informal institutions".

Trustful relationships or the missing of such is one example of how extra-legal actors influence local order.[34] Diego Gambetta's classical work on the Sicilian Mafia (1993), describes the impact of the mafia by analyzing the selling of protection. Gambetta argues that in Sicily, low control for market exchange created a demand for protection, and that this "protection industry" became the basis of power for the mafia. His analysis shows that the lack of trust among the population and the incapacity of the state to provide protection and a rule of law has been key elements for the development of the mafia in Sicily. As a result, the mafia fills a void left by the state, creates order, and acts as a form of authority. However, the mafia does not want to overthrow the state. In fact, the mafia secures property rights and monitors market rules within the borders of the state (Gambetta 1993). Corruption scandals involving the highest ranks of the political sphere are typically interpreted as the mafia's extension of their "core market". Recognizing that trust is an important aspect of order, trust will be an important aspect of the analysis.

Another important feature of this aspect are the rules applied in the region. These rules might differ with regard to the state rules. A lack of territorial control by the state can result in the formation of areas that form under the auspices of the state but in differentiation to state rule. Within the analysis, this differentiation will be acknowledged. The analysis also considers, the established rules and their implementation within the territory. Important contributions within this line of argument have been made by Helmke and Levitski (2006), and Erdmann and Engel (2007), highlighting the interplay between formal and informal institutions that are affecting local rule. This differentiation of formal and informal rule might result in "procedural rule". As a consequence, this would result in local enclaves that practice rules different from that of the state. Instead of formal legal structures, informal structures provide rule, thereby determining the social order (also Migdal 1994). Finally, territorial rule has not only a spatial dimension but also includes the aspect of who defines a territory and how. In our cases of analysis, this involves self-determination and a "foreign" definition of territory.

People believing in the legitimacy of state institutions are more likely to follow rules. That involves trustworthiness and justice (Tyler 2006b; Levi et al. 2009). Thus, when talking about the "rightfulness" of rule, it seems more accurate to refer to the belief in legitimacy ("*Legitimitätsglaube*" Weber 2010: 157) than to the fear of punishment.[35] In that sense, rule making is essentially important: who makes the rules? How are they made? How are they justified? (Tyler 2006a: 377). Tyler points out that if people perceive the given rules as a reflection of their own beliefs, they are more likely to obey the

[34] For a discussion on trust and order see also Putnam (1993) or Braithwait and Levi (2003)

[35] Although Beetham criticizes Weber for not being comprehensive in his description of legitimacy, as he did not include legal aspects and consent (1991), Weber is still the reference point in legitimacy.

law (Tyler 2006b; also Nivette 2014). Thus, legitimacy needs to be proven by the ruling authorities which makes it dialogical, since the authority must prove the rightfulness to the citizens and they must trust this authority (Bottoms and Tankebe 2012; Nivette 2014). This makes legitimacy a claim and response cycle between citizens and the ruling authority. As an important reference point, authorities need to have a dialogical relationship with its citizens instead of a top down approach to increase compliance. A core aspect in this regard will be predictability of rules and justice.

The questions that will be analyzed during the thesis are, 1) what are the most important rules 2) who is implementing them (actors) 3) how is the relationship of those actors to society 4) how these different structures are related to the illicit economy, and how are these structures are further related to the state.

3.2.5 Power

As a fourth and consequential feature of the analysis of local order I am including power. The analysis of the complex interplay between power structures is inspired by Bourdieu's concept of the fields of power. This concept provides more analytical depth and methodological possibilities to analyze these power structures in the margins of the state. It allows us to include the interrelation of power and evaluate how this unfold in a structure. While there is a great diversity for the analysis of power and the attempts to conceptualize it,[36] Bourdieu's concept offers the possibility to overcome a static concept of "domination". Instead of focusing the pattern of actors getting others to do something they would not have done otherwise (e.g. Weber 2010; Dahl 1957). The approach by Bourdieu recognizes the dialogical process of power and secondly it allows to distinguish in different sources of power, which prevents to overload the concept of power by simply adding up different aspects (Guzzini 2013).

The concept Pierre Bourdieu elaborates with his "fields of power" takes the relational aspect of power into consideration and offers both a theoretical contribution as well as an analytical tool for our analysis. The distribution of power and control is more diffuse and does not depend exclusively on the relationship towards the state (it is sometimes less firmly institutionalized as well). In this regard, the use of different forms of *capital*, as indication for *accumulated* influence in a given field*,* is helpful to show important aspects. For example, take the instance of the construction of power relationships. Instead of focusing on one particular resource of power, this approach asks for the resource itself and how it is interrelated with other resources. By adding this aspect to the analysis, the study takes the dynamics of power into account and will be able to describe more accurately the relationship of illicit economies with the state in "brown spot areas". The concept of fields opens analytical possibilities to

[36] See for example Haugard (2012) for an extensive overview on the discussion of power definitions.

capture local processes in relationship to the state. The definition of fields by Pierre Bourdieu (1985) helps to identify the particularities of a region in the margins of the state. Bourdieu's definition of fields and capital allows us to represent the position and power relations between actors in a given society and trace the basis of their power with regard to the understanding of "capital". By analyzing if an illicit economy forms a particular *field* and how it is constituted internally and in relation to the state, broadens our analytical perspective on the state and the effect of illicit economies.[37] This use of the field concept will give us analytical depth and highlights not only the dynamic process between actors but also the setting in which this process takes place.

The unequal distribution of capital within the field demarcates the position of a particular actor and affects the dynamics with other actors. Following Bourdieu the understanding of capital and its distribution is key for understanding social structures: *„the structure of the distribution of the different types and subtypes of capital at a given moment in time represents the immanent structure of the social world, i.e., the set of constraints, inscribed in the very reality of that world, which govern its functioning in a durable way, determining the chances of success for practices." (Bourdieu 1989: 15).* Furthermore, Bourdieu defines a field as a network of relations, as it gives a setting for the interaction of actors within the field. While Bourdieu's concept goes much deeper and has further aspects to it, I want to borrow Bourdieu´s concept for our discussion on power because of two reasons: empirical applicability and theoretical development.[38] The first reason is the empirical applicability to analyze a dynamic process of power relations and to trace changes in these power relations. The concept also allows us to define the basis of power for different actors. Secondly, Bourdieu's understanding will allow us more theoretical depth for the analysis of marginal areas and the interactive process with the state.

In the case of illicit economies and to understand a field without a monopoly of violence the present study includes a new form of capital: coercive capital. This is another form of capital to account for the particular condition of illicit economies in brown areas. Hence, the forms of capital used for the following analysis consists of:

Table 1 Forms of "Capital" used for the Analysis

Type of Capital	Specifies

[37] In the same way in which Bourdieu describes the position of a writer as being dependent on the overall field of literature (Bourdieu 1999), we can describe and understand the positioning of actors with the field.

[38] To prevent possible confusion: Bourdieu does not understand fields as a social system which is in his view static and suggests an automatic regulation within a system in which subjects are rather passive. Bourdieu's understanding rather underlines the activity of different actors (Müller 2016: 75). For Bourdieu, fields are flexible both in scope and positioning.

Social Capital	Social networks, social relations, and connections
Economic Capital	Money or easy exchange of financial resources
Symbolic capital	Prestige or Charisma. The symbolic capital serves as an overarching form of accumulated capital
Coercive capital	Capacity of using and mobilizing coercive means

While social capital as result of social networks and relations and economic capital as easy to exchange resources (e. g. money), seems to be intuitively understandable, we need to highlight some particularities of symbolic capital and coercive capital. A precondition for symbolic capital is that it is accepted and given by others to a certain person. In other words, symbolic capital is received through recognition of status within the field (Bourdieu 1989: 17). Capital is very much a relational concept, which holds true for all types of capital but in particular for symbolic capital. Following Bourdieu's understanding, symbolic capital can never stand for itself but needs recognition by others in a form of *unconscious recognition* that is similar to most of the discussion on legitimacy. Coercive capital is a fourth form that I am adding and which is not a classic form of capital described by Bourdieu. In regions without an unequivocal monopoly on violence, the possession of coercive measures results in a comparative advantage for actors within the same field. This in turn, results in a higher position within the field of power. Even if we find similarities to the *security* element of local order, which I have described above, coercive capital has not the same meaning. We can find for example actors with coercive capital that are not part of the local security structure. At the same time the notion of coercive capital allows us to distinguish the importance of different actors according to their accumulated coercive capital. Coercive capital can be transformed into other forms of capital such as when the use of coercive means leads to greater social capital. People need actors who have the ability to protect their assets and others who have more influence on political decisions.

Actors that occupy a position in the field, do also play a role in preserving the field and follow its specific rules. The strategy for capital accumulation and the exchange of various types of capital to improve social position in the world are central to our understanding. Capital is inter-convertible but only in a zero-sum game (Swartz 2013: 53-55), which means that one is gaining more capital as opposed to another. This "game" or struggle is drawn into the "field". A field of power is not only about the struggle for a particular type of capital but rather sets the standard for the accumulation of power.[39] The

[39] Bourdieu´s concept of power is mainly a concept of *power* over (Swartz 2013: 118-122). This concept captures the institutionalized form of the field of power as including the recognition of capital and power by other actors, hence it is tied intrinsically to legitimacy (Guzzini 2013: 82-87).[39]

position within the field depends on the accumulated capital and the relationship with other subjects in the field. In this sense, we can understand society as a market where the position of different actors is defined by its accumulated capital. This gives rise to a relational arrangement within the field and Bourdieu's concept allows us to deploy a picture of positions, which are connected to each other and maintain dynamic relations (Bourdieu 1993: 30).[40] The positions within the field depend on the very existence of space and on the relation with other subjects in the field. These are no static constructions, but constantly relating to each other. Since capital define the positions in the field the *forms* of capital are therefore paramount for the constitution of a field and altering them affects the structure of the field itself.

Furthermore, fields can and should be analyzed in relation to other fields. The field analysis of Bourdieu will give an overview on the constellations of actors and the relationship between different fields. For analyzing the complex nature of a coca society within a prohibitive regime, this field analysis fits well. It is possible to capture the role different actors and institutions play within a coca growing territory as well as the relations towards "the state". In brown spot areas, certain groups and actors gain higher positions, based on capital that might differ from areas under state control.[41] What role do illicit economies play in this regard? Can they become a defining aspect in the formation of such fields of rule in areas that have low control? We know that there are individuals and/ or groups from the illicit economies that have power, mostly through their economic and coercive capital in Bourdieu's sense (1985). What is less scrutinized is the effect from illicit economies on the social structure. Do these illicit economies create fields of power? How are they defined? How are the actor's role and position defined? How does this reflect on the state formation process?

As discussed, according to Bourdieu, power relies on inequality and the distribution of "*capital*" that defines positions in a given field. In this sense, a field of power describes a social environment that itself provides the rules and defines the rules of the game within the field. The positions of actors in the field are dependent on how they play by the *rules* and how far they are successful in accumulating the forms of capital. This notion of fields of power can help us to understand how illicit economies

[40] In the understanding of society as a sort of market in which actors can accumulate forms of capital that translate into power, Bourdieu mentioned a particular group for his state formation approach; lawyers who managed to develop a particular source of knowledge and cultural capital, which they could finally translate into symbolic capital. That allowed them to secure a particularly high position within society (Bourdieu 1994; Schlichte 2005).

[41] People's behavior is defined by a certain habitus, which is the "socialized subjectivity" (Bourdieu and Wacquant 1996: 159), in a sense the collective prepositions for social behavior. Habitus is at the same time a signaling behavior that distinguishes social classes and draws lines between different spheres of society. [41] The habitus delineates one's behavior and defines the membership of a certain social sphere within a field. It is difficult to change and thus presupposes the "belonging" to a "class" which then translates into the access to influence and power. Therefore, the position within a social field is defined by the habitus and the relationship towards other actors within that field, and is therefore a precondition for the understanding of power structures and ultimately local social order.

produce fields of rule in the absence of the state. It accounts for the dynamic process not only within these fields of power, but also in relation towards the state, even though the state does not hold control over the respective territory. This can result in a hybrid, symbiotic, or confrontational relationship.[42] Therefore, the following analysis of power within the margins of the state will define the powerful actors based on the different forms of capital. The dynamic model allows us to analyze more closely the power structures in the regions. Furthermore, it allows us to examine the basis of power in a more precise manner.

3.3 Synthesizing the Analysis of Illicit Economies and Local Order

In this chapter I have conceptualized the analysis of local order and illicit economies. I have argued that four aspects are paramount for the understanding of local order in the margins of the state: economy, security, rule and power. The concentration of these factors allows us to analyze the influence of illicit economies on local order. Unlike many studies on illicit economies, I will not analyze these factors in deviation to state dominance. Instead, this thesis focuses on the relation to the state and dynamic processes of order and power. The question is about the type and level of interference or cooperation in this regard. For example, how does non-state security provision with relation to illicit economies, interact with the provision of security by police or military? Do they result in violent confrontations or do they run parallel to each other? Or how is the illicit economy related to the licit economy? These factors are important for an analysis of state formation and illicit economies.

Often, studies have an actor-centric-view when analyzing illicit economies. However, I elaborated that the focus on actors alone will not be enough for understanding the influence of illicit economies on local order. Such an attempt falls short in describing the dynamic processes within the region of illicit economies and the relationship to the state. An actor centric approach is good at evaluating the direct forms of power, but often falls short in describing and analyzing the consequences for social order. This in turn, is necessary to understand the dialogical relationship of state formation processes, which an analysis of state formation needs to be considered (Schlichte 2005; Migdal and Schlichte 2005). The proposed conceptualization includes the aspects of historical context, territorial rule, economy, and security as important features that influence order. These aspects are not stand-alone features of local order neither is the line of influence a one-way street. Rather, structures influenced and created by these aspects are linked in a dialogical relationship. Finally, they are providing a structural basis for power accumulation. The different dimensions have similar importance for the analysis and are connected. This approach acknowledges different sources of social power (Bourdieu 1986; Mann 1993;

[42] They therefore, differ from for example, indigenous enclaves that are completely detached or even unknown by the state and vice versa.

Guzzini 2013). It is helpful to include the dialogical relationship of local order and power, instead of concentrating on power penetrated or provided merely by single actors and/or institutions.

Instead of analyzing the supposed threat that illicit economies pose, the present thesis analyses how the externalities of illicit economies affect different features of local order and how this ultimately affects the interrelation with the state. An important aspect for the analysis is the link to power structures in the area and ultimately to the state. It allows accounting for the complex relationships within those areas and to the state. Understanding the historical conditions and the variety of factors for local order, opens analytical possibilities to overcome the 'overationalized' view on state formation (Swartz 2013: 142, 148-153). Integrating the state into the analysis is important, since the state's regulation produced the opportunity for an illicit economy in the first place. Also, the state is seldom completely absent but often operates through institutions and policies in the regions as well. The question is, how much they can influence local order by that or what (dynamic) process they can influence. When the state seeks not only to control the region but also to fight the illicit economy these factors can consequentially also influence state formation. How do orders develop and evolve in the absence of effective state control and with the presence of an illicit economy?

By analyzing the acceptance of the illicit economies, the trust in local authorities, and the definition and acceptance of local rules, I will be able to outline what is perceived to be a *legitimate* order and how this is related to the illicit economy. I analyze the previously mentioned categories by using qualitative measures in the region as well as by using secondary literature on which I will further elaborate in the following chapter (4.4). I also analyze these categories via interviews and questionnaires. The following table gives an overview on how the different categories have been operationalized. Some questions give information for the analysis of different indicators. While the questions in the survey did not change, interview questions varied depending on the interview situation. The following gives an overview on the core questions within my topic guide.

Table 2 Operationalization of Local Order in Interviews and Surveys

Categories of Local Order	Indicator	Questions addressed in Interviews (open questions)	Questions Addressed in Questionnaire
Historical development	Formation of Regions Efforts by the state of integrating the regions	Do you know when the first people moved to this area? Why did they come here? What was the economic basis? How did it develop? How was the infrastructural situation?	Not addressed in Questionnaire
Economy	Perception of Economic Situation Basis of the local economy	What are the most important challenges in your community? How do you perceive the overall economic situation in the community?	Is the money you earn enough to cover your basic needs? Evaluation of economic situation (ordinal scale)
	Involvement and acceptance of illicit economy by the population	Have you heard about influence of drug trafficking? Do you or somebody you know had experiences with drug trafficking? What is your perception on coca? What role does drug trafficking have in your community?	How big is the problem of drug abuse in your community?
	Relation towards legal and illegal economy	Did you personally had problems related to drug trafficking? Do you know somebody who had problems with drug trafficking?	In which sector are you working today (five years ago)?
	Role of the presence of illicit goods play in the overall economy?	Who secures economic development?	
Security	Public safety Security perception	What are the most important challenges in your community? Are there conflicts within the community? What has change in the last 10 years?	Evaluation of security (ordinal scale) Do you go out on the street when there is no light? Do you feel safe in your community?
		What is security for you?	Do you or someone of your family has been attacked or victim of a crime? (violent/non-violent)
	Security structure (e.g. formal or informal) - Cooperation or opposition of formal and informal actors Accountability	What do you think about [police, military, autodefensas]? Do they oppose each other or cooperate? What are the main aspects involved in the assessment of security?	To whom do you turn to in case of violence? To whom do you never turn to in case of violence? How much do you trust the [military/ police/ autodefensas] Did you or somebody you know had to pay a public official in the last 12months? If yes, why? What are the most discussed issues in your community? (Probe)

	Connection to the illicit economy (e.g. as source of resources).	Do you see a connection from [police, military, autodefensas] to coca/ drugs?	
Rule	Most important rules	What are the most important rules and values in society? Do people follow rules of the state? What do you think about state rules? Do you follow them?	What are the three most important rules in your community?
	Relationship of state and non-state authorities to society	How much trust do people have in institutions and actors? What are the common judicial institutions?	To whom do you turn to in case of violence? Trust in institutions [judiciary, political representatives] What should the most important authorities provide to/ do for the community? Do you agree with the following sentence: The "authorities" respect the rules of the society? Did you or somebody you know had to pay a public official in the last 12months? If yes, why?
	Relationship of different structures to the illicit economy/ to the state.	How do you perceive the formal/ informal justice system?	Not directly addressed
Power	Identifying most important actors in society Identification of power dynamics Identification of the basis of power (Capital)	Whom do you trust most, if you have problems? (Violence, Family, Economic) From your point of view, who is the most important actor on the local/ regional level? - Do you trust this person/ group? What are other important groups? Do they support the community?	Whom do you perceive as a role model in your community? What are the most important characteristics of a community leader? Who are the most important actors in society? Do you feel represented from the most important actors in society? To whom do you turn to in case of violence? To whom do you never turn to in case of violence? Who should address the most important issues in your community? Do you agree with the following sentence: The "authorities" respect the rules of the society?

4. Research Design and Methods

4.1 Research Design

The study follows the argument of Richie (2003: 25) who holds that social research is based on theoretical assumptions, even if these are implicit. At the same time, it is suggested that social research is effective when theoretical insights and empirical research are "mutually enhancing" (Ibd.: 25). Hence, this work embraces the theoretical work on state formation and illicit economies and tries to amplify our understanding of their relationship. Contextual research aims to closely analyze "what exists", while explanatory research delves into the reason for its existence. This study seeks to understand how regions in the margins of state form, what influence illicit economies have and how this manifest in local order in the region. Primarily, the study identifies patterns of social order and power structures. Secondly, it interprets the effect of such an economy and local social order for state formation. Theories that are presently in circulation do not endeavor to capture the vagaries of local power structures influenced by illicit economies. The present approach strives to close that gap by contributing to the *process* of theory production rather than producing a theory per se, which would involve a more deductive approach. To a certain degree, the present approach seeks to reinforce and refine existing theoretical understanding.[43]

I am focusing on the outcome of an illicit economy on local order, which I have conceptualized in the previoius chapter, and the relationship towards the state (Rohlfing 2012). To this end I am using case studies defined as "*an intensive, observational study of a single case or a small number of cases which also promises to shed light on a larger population of cases*" (Gerring 2016: 28). There are several advantages for using case studies over other methods, among those is the high conceptual validity. As many phenomena are difficult to measure, such as power or legitimacy, statistical approaches fall short to account for such complex aspects. Qualitative case studies do not typically try to measure these aspects but instead have the benefit of explaining those aspects in more in detail and include context which influences such variables. Contrary to statistical methods, case studies also reduce the risk of sampling too many cases that do not fit together. Case studies offer also the possibility to generate new hypotheses by including aspects that come up during the study, for example, by using open questions, or observations made while doing field work. By including contextual factors, case studies contain the possibility to address causal complexity, meaning that they not only examine if X leads to

[43] As such my research is based on qualitative data gathering and analysis. For a broader discussion on "qualitative research" see for example Eisenhardt and Graebner (2007), King Kohane and Verba (1994) or Brady and Collier (2004).

Y but moreover explain how. It is discussed that studying cases might lack generalizability but since the research focus is narrower it can be more precise and specific in its explanations (George and Bennett 2005: 19-22). Even if case study researchers should be careful to overgeneralize their findings, the selection of representative cases increases the chances for identifying patterns, and information that serves to understand a broader theoretical problem.

The complexities and variations of my research question, the lack of data availability and the broad set of possible explanations are best suited for a comparative case study research. The research question will be analyzed in a small-N **comparative case study design;** a qualitative approach in which to explore a real-life, multiple bounded systems (cases) over time using multiple sources and information and conduct in-depth analysis (Creswell 2013: 97). Such a research design allows to account for differences and similarities among cases and to provide explanations on potential outcome variations as well as scrutinize the aspects that lead to these variances. Instead of aiming for a universal generalization of the findings, this study seeks to point out specific patterns in relationship to the studied research item and presents a framework to study similar cases. By comparing a small number of cases, the study seeks to generate a deeper and more comprehensive understanding of the phenomenon of illicit economies in the margins of the state. This strategy offers the possibility to generate in-depth knowledge on the particular case, allows to account for complexities and shedding light on the specificities. While being aware of the specificities of the cases, the careful selection of cases seeks to identify potential implications for the theory and further studies on the topic. A comparative study has the advantage when it comes to exploring different aspects of the phenomenon. It also gains additional perspective when canvassing the similarities and differences in terms of actors and structures.

The structured focused comparison provides a competent method for this type of research (George and Bennett 2005). Starting with a question which is generated from the theory and from the current academic debate, it focusses on a particular problem and certain aspects of the cases that are examined. This method follows the structure of defining standardized questions that address the research objective and have an overarching structure.

> *The method is "structured" in that the researcher writes general questions that reflect the research objective and that these questions are asked of each case under study to guide and standardize data collection, thereby making systematic comparison and cumulation of the findings of the cases possible. The method is "focused" in that it deals only with certain aspects of the historical cases examined* (George and Bennett 2005: 67).

This standard forms the basis for the study, which should be focused in a way that it addresses a particular research problem. The researcher therefore, has to be selectively sensible and concentrate only on facets he intends to study, in short, discharging all other aspects that might be interesting to study as well but are not necessarily relevant for the present study. It should be guided by a well-

defined theoretical objective. Therefore, questions need to be based on theory, clearly stated and reflect the general objective of the study (George and Bennett 2005: 70). The structured, focused comparisons encourages to use theory as basis for the study. Hence, my research will be guided by the theoretical strands and my conceptual approach stated in the previous chapters.

For the comparative analyses I will identify common themes and issues which transcend the particular case (Yin 2009). Context plays an essential role on the regional and structural level but also for each individual case. Therefore, besides the empirical analysis, a detailed context analysis provides a deeper understanding of the regions and as background information becomes a vital part of the analysis. To account for these complexities, I will apply and combine different methods for the analysis. Finally, the study will make concluding remarks, identify patterns and explanations and link the findings back to the theoretical chapter of this thesis (Yin 2009; Cresswell 2013). Each case will be analyzed in depth before I will compare the core aspects between the cases.

4.2 Case Selection and Methods

4.2.1 Case Selection

The selection of cases is crucially important for the comparative small-N analysis. Multiple case study research can enhance the robustness of the findings and the selection process is based on theoretical reasons such as the capacity to extent theoretical explanations or to avoid rival explanations (Yin 1994). To improve the robustness of the study, selection of cases is essential in a comparative case study design. This study follows a purposeful sampling strategy, identifying core cases that can best speak best to the research problem (Creswell 2013: 100). After defining the research gap and identifying the research purpose as well as the variables, this study seeks to explain the influence of illicit economies on local order and the relationship to state formation. The selection of cases is based on my previous analysis and conceptual clarifications. It seems therefore suitable to compare two regions within one country, one with a high amount of drug production and one where drug production was destroyed by state intervention.

Often designs in social science follow a most-similar-systems or a most-different-systems design based on John Stuart Mill´s method of agreement/ difference (Przeworski and Tuene 1970). While popular and intriguing, such a selection process implies the difficulty that in the “real world” such a constellation is difficult to find. Probably the most important aspect is the difficulty to find truly

comparable cases and to take all variables into consideration (Levy 2008: 10).[44] Nevertheless, I hold that this strategy of case selection is still an intriguing way of selecting cases, that allows to control for intervening factors. The suggested "structured focused comparison" of George and Bennett provides an additional approach, used by this thesis. The authors suggest the gradual narrowing down of possible cases based on the theoretical knowledge. Based on this knowledge we can identify variables and a universe of cases important for the study (George and Bennett 2005). By identifying the current research strands this study has highlighted the most important aspects that highlight marginality and illicit economies. There is a consensus that the selection of cases in small-N research running the risks of selection biases and should be carefully selected in order to not predefine the outcomes one might want to see see (Geddes 1990; King, Keohane, & Verba 1994: 124–128; Collier et al., 2004; George and Bennett 2005). Hence, to be transparent for my selection of cases, I will elaborate on the selection process in the following chapter.

4.2.2 Process of Case Selection

The selection of cases followed several steps, guided by the structured focused comparison.[45] First, a country was selected based on theory guided variables; second, the regions and districts for my within-country-comparison are chosen based on the theoretical analysis.

To answer my research question, the selected country needed to combine various aspects: high levels of drug production and trafficking with relatively low levels of violence. Furthermore, it needs to have an unequal distribution of state presence within the country that allows to select regions in the margins, it needs to be on a drug trafficking route (producer, trafficker or both) and finally represents relatively low levels of violence. For the within-country comparison I identified cases that are similar on most of its variables identified and state marginality but differ in the presence of drug trafficking. Concerning the factor of drug trafficking, I identified a region that shows changes in drug production in the last five years before start of the analysis as well as another region with continues high levels of drug production

The thematic focus lies on the drug business since it produces an illicit economy that involves many actors needs to be organized and is considered as national challenge. Moreover, drug trafficking is a globally banned criminal activity and it generates the highest profit margins of all considered OC activities. It is also one of the best researched area when it comes to criminal activities. I will focus on

[44] The most similar case study has also been called the method of "controlled comparison" (Bennett 2004: 9).

[45] based on Patton (2001); Richie and Lewis (2003).

cocaine and *Pasta Basica de Cocaina* (PBC) as they are globally labelled as illegal and offer high profit margins for people involved in the trade and the production. The drug has also additional benefits for the research topic. Since I am interested in marginal regions, the focus on a plant based drug with production in the rural areas and a broader involvement of the rural population in the production process allows to combine the wide extension of the illicit economy with marginal areas into the analysis. The selected regions should have had a long history of absence of state control and presence of an illicit drug economy.

Given the particularities of the research in particular, Peru came out as the most interesting country for the analysis. While Peru gets less attention in both media and academia than neighbouring Colombia concerning drug production, it is nevertheless an important case. Its involvement in the drug trade, the essential role in producing in particular PBC and the development of the state makes the country and important case for studying the results of illicit economies. The country is one of the main production and distribution centers for coca and cocaine. Geographically Peru offers good conditions for the production and trafficking of drugs. The Peruvian rainforest, for example, makes up to around 60% of the countries territory which makes it therefore difficult to access or control and the lacking infrastructural control in marginal areas is visible among others in the inequal distribution of poverty, education or basic services (INEI 2007, 2014: 3). Climatic conditions make the country favourable for growing coca, the basis for cocaine. While I would also have found interesting cases in Colombia for the analysis that match similar conditions, the Colombian peace process might have resulted in a strong influence and affected my research outcome. Additionally, the conflict in Colombia restricted state activities in many regions that were of interest for this study. In Peru the conflict officially ended in 2000 and gave the state various opportunities to intervene in the coca and drug production regions

Peru was always one of the biggest coca and cocaine producer in the world (Gootenberg 2008), even though it was also affected by changes. The volatility of coca production is best described by the “balloon effect”. That is the shift and diversification of production once state restrictions become “tougher” in one place. Production and trafficking of drugs changed dramatically in the last 20 years. Peru became again primer producer of coca and cocaine in 2011 when at its peak it produced 62.500 ha (UNODC 2015). Concerning international reports this has changed quite drastically. For 2014 UNODC estimates that still 42.900 ha of coca are produced (Ibd.). It is argued that this decline is mainly due to the extended eradication programs with different regional success. The Peruvian government claims that more than 31.000 ha have been destroyed in 2014. While the absolute number is hard to verify, the data gives a good indication of where to find high amounts of illegal coca and drug production and where to find former hotspots. Thus, also with regard to coca presence and state activity, Peru was an interesting case to study.

The within-country comparison has to include some preliminary knowledge of the cases, but this selection cannot presuppose the dependent variable which is the local social order or the relation by the state as those aspects are too complex and need further qualitative investigation. Because I am particularly interested in a specific universe of cases that can answer the research question, the theoretical analysis serves as basis for the theory-guided selection of non-random cases. I narrow my research down to the local level where illicit economies and its externalities can be observed more direct and dynamics resulting from illicit economies become more visible in everyday life. In concentrating on one district at a time allows to analyse in depth these externalities and their importance for social order. This also gives the opportunity to take a closer look on how criminal actors are perceived in comparison to other authorities.[46]

The selection of the within-country cases followed basically two steps. At first the major illicit coca production regions and districts within Peru have been identified and its change in production documented. The levels of coca production serve as an indicator for the regions of illicit drug production, which will be elaborated in the chapter "The Bigger Picture" (chapter 5). By that, I identified not only the major coca producing regions but also those with decreasing numbers in coca production in the last five years.[47] While in one case the illicit economy is still present, in the other case the economy was recently destroyed. In a second step, I compared socio-economic indicators for the identified districts, which would serve as proxy for state presence in the region. The main characteristics of these sub-national cases are that they have low levels of "state presence".

Using mostly the latest available figures for all regions (INEI 2007), my control variables are first of all socio-economic. To operationalize them by concentrating on variables that express state infrastructural power (Mann 1984) thus, factors that describe the state reach such as education (school attendency), access to communication services as well as levels of poverty and extreme poverty to control for the economic capacities of the region. Analyzing newspaper articles, official national reports, illicit crop monitoring reports and international drug reports will serve as a controlling factor in analyzing the scope of drug trafficking in the region.[48] At first I came up with 15 districts, which I lowered down to four with similar socio-economic indicators but differences in the level of coca production. That selection process resulted in the districts of Monzón, Subde de San Jorge and Padre

[46] That could be connected to de jure statehood (the amalgator of institutions legally constituting the state), and de facto statehood (represented by actors recognized as components of the state) (Stel and Ndayiragije 2014: 17; Brinkerhoff 2011: 139).

[47] That leads to districts in the departments of Huánuco, Ayacucho, and Cuzco For follow up studies Puno might be of interest as it borders Bolivia and is considered as a main smuggling gateway. Also data suggest the "balloon effect" drives coca production towards this area.

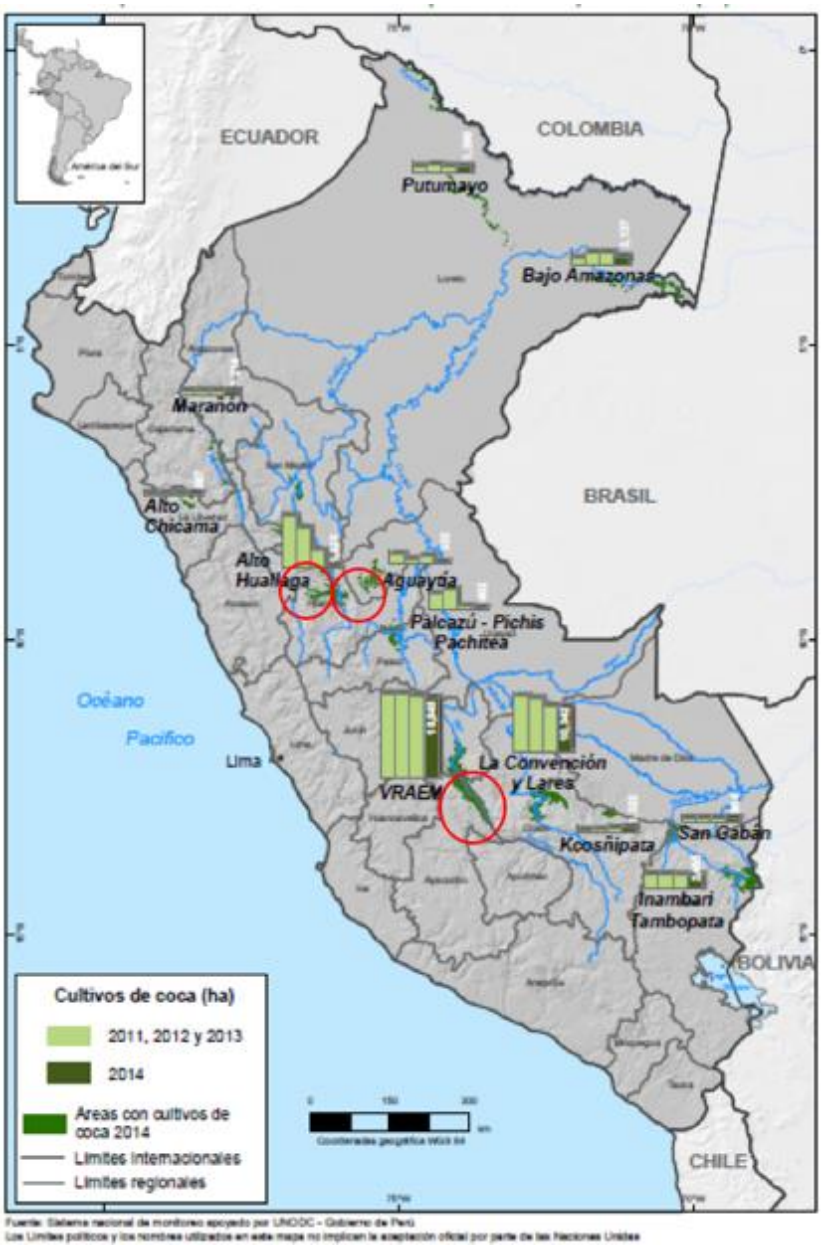
[48] El Comercio, Diario Correo, IDL-R, Insight Crime, Nexis-Lexis; Police Reports.

Abad (Huipoca) as examples for decreasing coca production. Both are in the area of Alto Huallaga. The region is historically the center of coca production not only in Peru but played an essential role first for licit and later also for illicit coca and cocaine production. Recently, coca was destroyed in the region and only few coca plantations are left. Therefore, the region makes a good example for analyzing changes after the destruction of an illicit economy. The region for comparison is the VRAEM, the current epicenter of coca production, in particular Llochegua, Santa Rosa, and Cumunpiari. The VRAEM is one of the biggest coca and PBC producing regions in the world and even if state presence has increased in recent years, coca production remains the highest in the country. Llochegua and Santa Rosa are two districts with the highest amounts of illicit coca and drug production. The development in these two regions allows to study the consequences of a sharp decline coca production and compare it to areas that continue to produce large quantities of coca and PBC. In other words, it is a comparison of a district with a former illegal economy to one with a still very strong presence of an illicit economy.[49]

While doing field research in all of the mentioned districts, I further narrowed down my research on the districts of Monzón, Santa Rosa and Llochegua. This was because I found Monzón as a perfect fit for a region where the coca and drug economy has been destroyed recently and a growing state involvement, where we can analyze the local reaction on both. As comparative cases I used two districts in the VRAEM where the state also recently increased its presence, but did not destroy the illicit economy – Llochegua and Santa Rosa. I decided to use two core districts in the VRAEM since it is a difficult to reach environment, which makes data availability and reliability more difficult. Furthermore, we see high similarities in the important variable of coca presence but variances in the levels of poverty, which is an interesting element for controlling for the results (see table 2). This selection of three core cases allows to give a detailed and focused analysis on the research questions. In addition, and in order to have the possibility to further compare the data, I include three additional cases, which allows for validity checks and further comparison. These cases will be not analyzed in depth but primarily compared in the survey. Hence, this results in six cases: three core cases and three comparative cases.

[49] Obviously research in an area dominated by an illegal economy has its limits concerning security issues. The findings presented below are preliminary and do not represent the complete results of the study.

Map 1 Coca Production Areas in Peru



UNODC 2015 (The red circles resemble the areas of field research)

Table 3 Case Selection

Region: Department - Province - District	*Coca Production 2011 in ha*	*Coca ha per inhabitants 2011* [50]	*Coca Production 2014 in ha*	*Coca ha per inhabitants 2014*	*Coca Production 2014 in ha*	*Inhabitants*	*Population (Census 2007)*	*Poverty Incidencia de pobreza*	*Poverty in %*	*extreme poverty*	*Extreme Poverty in %*	*Gini coefficient*	*households without „servicios de información" and communication*	*Households without „servicios de información" and communication (in %)*	*population in households with children not going to school*	*population in households with children not going to school (in %)*	*Homicide rate per 100.000 inhabitants 2011 (department level)*
Huánuco - Huamalíes - Monzón	7005	0,306	393	0,0172	393	28.605	18.751	12.724	62,8	4118	17,4	0,21	4.527	95,8	990	9,2	6
Ucayali - Aguaytía – Padre Abad (Huipoca)	**1570**	**0,059**	256	0,009	18	25,971	25,633	11,458	40%	3,935	14.4%	0,34	4,523	70,2	135	2.1%	10
Leoncio Prado – Rupa Rupa Subte de San Jorge	1829	n.a.	191	n.a.	191	63.764	56.389	20.163	33	4367	6,1	0,32	7.115	49,1	2170	7,3	6
Ayacucho - Huanta - Ilochegua	3,323	0,253	2567	0,185	2567	14.047	12.131	4.597	36,8	1206	9,8	0,3	3.060	95,5	729	11,8	7,6
Ayacucho - La Mar - Santa Rosa	3,311	0,293	2461	0,217	2461	11.286	11.200	7.233	62,7	3077	27,1	0,31	2.137	73,5	893	13,4	7,6
Cumunpiari	**3,311**	**0,293**	2461	0,217	2461	11.286	11.200	7.233	62,7	3077	27,1	0,31	2.137	73,5	893	13,4	7,6

INEI 2007; 2009; *UNODC 2015*

[50] based on population projection

This comparative research design will be beneficial in various ways. I will have the opportunity to compare in total six cases from two areas in Peru with each other. Three from a former epicenter of drug trafficking and three from the current center of drug trafficking. This allows for controlling the result of the in-depth case study. The main focus will be given to three focus districts: Monzón as the case of currently low drug and coca production, Santa Rosa and Llochegua as the cases for high levels of drug and coca production. The analysis of a case with no more illicit economy provides first-hand information of the changes for local order and the state-society relation. This will then be compared to the cases where the illicit economy is still prevalent. This research design will give us information on the cases in particular and highlight causal mechanisms. By using a comparative small-N case comparison I will be able to provide a deeper understanding on these understudied research topics and environments. It allows us to compare patterns and highlight differences as well as similarities.

4.3 Methodological Approach

Academic work covers only insufficiently the influence of illicit economies have on state formation and local social order. Data allowing the analysis of illicit economies, local power structures and their relationship to the state are generally scarce. The areas that this study is interested in are difficult to access and few reliable data has been produced to analyze them. Generating first hand qualitative data is therefore a necessary step for the analysis. I am analyzing cases that will give the opportunity to identify and analyze in-depth possible explanation for the relation of illicit economies and local order. The study includes observation, contextual data and a combination of data that will allow to study patterns and potential causal mechanisms.

Reliable data was to a large extent not available for the regions. Furthermore, topics interesting for the study such as power or state society relationship are difficult to "measure" but they are nevertheless observable. Due to the lack of data I am including ethnographic approaches into my research. The inclusion of interpretative ethnography allows to use several different techniques to access data. Studies have demonstrated benefits of such a combination for political science methods with ethnography (Wedeen 2010). Taking an interpretative ethnographic lens can therefore help to sharpen the research since it allows to include different techniques and use directly observed information. "*A study becomes ethnographic when the fieldworker is careful to connect the facts that s/he observes with the specific features of the backdrop against which these facts occur, which are linked to historical and cultural contingencies.*" (Baszanger and Dodier 2004: 12). My attempt is to use this dialogical approach of observable facts and the context and link it to theoretical understandings. Ethnographic studies can help to set data into context and provide useful information on the "local

realities". Sensing how communities function through the account of their everyday life or the description of emblematic situations helps get a more nuanced study that recognizes individuals and incorporates this into the overall analysis.

In the context of analyzing the illicit economies on a local level, the combination with ethnographic approaches helps to analyze how daily lives are influenced by these economies, different actors and ultimately by state policies. It is difficult to define the exact starting and end point of each observation which rather flows together. This "flowing together" could also be understood as giving the whole analyses its narrative and an ordering of observations (Gering and Craig 179). Being able to detect and describe this narrative correctly, the researcher needs to understand the world correctly in which it occurs (Ibd.). Giving background information is therefore essential similarly to a clearly defined research question and the verification of singular stages of the research in order to match the logic of a narrative as well as the model as a whole. Important aspects of interpretative ethnography are the understanding and inclusion of the historical context, the recognition of a "socially constructed" reality (including the one of the researcher) which influences perception and interpretation as well as the recognition for shifts of meaning depending on the location and context (Wedeen 2010: 260-261). For the analysis it is therefore helpful not only to include contextual information on the cases but also reflections on the researcher´s role as well as reflection of collected data. The data gathered in the regions are not "raw" but rather reflect a tendency that ought to be put in context. The reflection and feedback loops are therefore important aspects of my study. During research I presented and discussed my findings with locals, civil servants or investigative journalists in bilateral meetings or presentations. These presentations allowed me to link my own findings back to experiences made by local actors working on related topics. Also these encounters allowed me to share and discuss information that might give useful insights to people working in these regions or on similar issues. A four months stay as guest researcher at the PUCP in Lima also gave me the opportunity to an extensive exchange and to contrast my own findings with the view of other researchers. The dialogical process with data became an important feature of my research and I regard this as an essential step to get a more accurate picture.[51]

Because the development of social order and the formation of power structures evolve over time the focus of the study will be on a process that influences local structures. The study analyses key events and periods that led to the development of the region. Those key events and periods will be highlighted to clarify the historical development of the regions and to specify the contextual conditions. Hence, I present the history for the regions and give an analysis on key aspects for the formation of the region,

[51] During all these presentations and discussions made sure that my sources were protected at all time.

highlighting economic, security and social aspects that were important. For comparative study of few cases, this highlighting and comparing of key events proves to be a good tool for the analysis in a structured comparison (Mahoney and Rueschmeyer 2003: 6). Understanding that events take place within specific contextual conditions, the analysis includes these context conditions that shape dynamics of the particular region.

The focus on a small number of cases allows to study and highlight events important for the development of the specific case. This study focusses on one case at a time before comparing the results. By that and besides additional in-depth-results for the singular cases, this approach will highlight how the cases differ in their processes and stresses similarities. Based on the theoretical analysis an analytic scheme is developed to analyse the formation of local power structures and the relationship to the state. For Monzón it is important to give a broader analysis on the local order before and after state intervention. By this within-case analysis we are able to see the changes which occurred or were affected by the state intervention, which will allow to give a more accurate presentation of the case. Since such a defining state intervention did not happen in Santa Rosa or Llochegua the analysis will concentrate on the present condition and the development of local order under the presence of an illicit economy. Linking the findings with existing statistical data, reports and available secondary literature will give a broader overview on the social reality in the *cocalero* areas and the relationship to the state. At the same time, I am able to systematize the findings, identify patterns and provide possible comparisons to other brown spot areas influenced by illicit economies. The combination of these different approaches seeks to provide for a deeper understanding on the complex effects of an illcit economy on local order.

4.4 Data Collection Strategy

A strength of case studies is the combination of multiple sources where all evidence can be of use and contributes to the in-depth analysis. There are several ways to collect evidence or “data” and several types of data. Yin (2009) defines six useful types of information to collect: documents, archival records, Interviews, direct observation, participant observation, physical artifacts. The focus of this research is the illicit economy and its impact on social order as well as state formation. All aspects are difficult to “measure” quantitatively but are indeed observable by using qualitative measures. Therefore, methods and tools used for analyzing the research question are conditioned by the nature of the study matter and the research is mainly based on qualitative tools. For the comparative case study, I am combining interviews, participant-observation, document analysis with a questionnaire conducted in the field. During the time naturally occurring data as well as generated data was gathered (Richie 2003:

39-39). Generated data includes expert interviews, biographical methods, as well as a survey[52]. Naturally occurring data used for the study includes participant observations as well as revision of documents**.** Analyzing the different data sources in a structured matter allows to identify patterns and contribute to answer the overall research question of this thesis. As each data source has its particular weakness and strengths the combination of different sources, triangulation seeks to increase validity and strengths of the data gathered while compensating for the weaknesses of each single approach (Patton 2001: 306). Triangulating different data sources also allows to give closer approximation to reality and broadens our understanding on the subject (Fielding and Fielding 1986). The different sources are used complementary to each other and as a control. In total I realized 11 month of field research from October 2015 to June 2017 from which I spend eight months in the respective regions. For my field research, I focused on the district capitals since I found local institutions and authorities. I also found the best opportunities to gather information on the local conditions not only on the district capital but also the district as a whole.

Analyzing the defined dimensions security, economy, territorial rule and historical context, needed in part different approaches. The provision of **security** and the perception of the security situation is a difficult aspect to measure. The main source of data on security are typically police statistics. Reliability of data, on victimization or perception of security are generally difficult to obtain or verify in Peru (eg. Mujíca and Zevallos 2016). In the case of the analyzed areas getting reliable data is even more complicated. First, because control by the police is not complete or only recently established and so their basis of information stays incomplete. Secondly, because the police not necessarily react to all crimes committed, which was mainly explained by lack of resources. Finally, people might not report wrongdoings to the police because they do not trust them. Hence, analysis involves the use of surveys, interviews but also participant observation with specific focus the aspects of public safety, security perception, formal and informal control. Since the extent of illicit **economies** is difficult to measure quantitatively, I am combining official data and estimations on drug production with qualitative data gathered in the respective areas. That includes four aspects, interviews and talking to people about their economic situation, counting of businesses and categorize them within two blocks two each side of the main square[53], participant observation and use the survey to get more information. The survey includes questions on the perception on the personal economic situation, the economic situation

[52] I also tried to include Focus Group Discussions during the first field trips but did not generate a lot of information. This was mainly due to high distrust concerning the researcher but also a clear hierarchy of who gets to speak. After giving a treatment mostly in form of a questions, there was no discussion but participants rather were looking up to the leader within the group so that he (the two focus group discussions were with men) would give the answer.

[53] Which is the place where the majority of the businesses are to find.

within the community and labor activities. **Rules** considering the analyzed regions do not include fixed and written norms and rules but rather procedural practices of rule, I will rely mainly on information given in the region. That includes participant observation, interviews with community members and authorities on their perception of rule setting and rule implementation as well as information from the survey. Two of my survey questions for example read: "What are the three most important rules in the region" followed by "Who is implementing these rules?". Similar questions were asked during the interviews. Accounting for the **historical development** of the regions follows a similar approach of data triangulation, since there are few written analysis of the local history of the region and even less on the districts and local level. Therefore, I will rely on the few secondary literature combined with interviews and primary sources, where possible. While I will reflect on the general research restrictions and settings of the research in a following chapter (*Reflecting on Ethics and Researchers Role*), it is important to note that my intention was to get the *best picture possible* of the society. Hence, the presentation will be the best possible approach given the specific circumstances that all social science research has to cope with. In this sense, the representation and analysis (or picture) I present here will rather be a "painting than a photograph" most accurately as possible based on the available data (Charmaz 2000: 522, cited in: Swartz 2009: 173).

4.4.1 Expert Interviews

Expert interviews serve as an important source of data for my study. Experts are defined as people having expertise in a particular field. Thus, they do not necessarily need to be from the elite and their insight on processes, contexts or people due to their personal participation. These personal informations can be of valuable information for the study. Interview partners have been selected according to their function in society and their relation towards the illicit economy and local order. A major challenge for selecting interview partner and experts is to avoid selection bias (King, Keohane, and Verba 1994: 128). Therefore, people in the research areas are selected from different spectrums of the society. I selected people for the interviews following two strategies. The first followed a proposive selection criteria depending on their *role* in societies, public opinion leaders, legal and non-legal authorities including mayors, *Juezes de Paz* ("Peace Judges") or police officers. A second sampling strategy is used for getting information from the population on local order and perception of the illicit economy. Here, the focus was on "gatekeepers" or "focal persons" with a good overview on the overall setting and public opinion. Those are persons with access to a large part of the population and a variety of opinions. People that I interviewed in these categories and that are not public opinion leaders or authorities were shopowners, taxi drivers, restaurant or bar owners as well as teachers or clerics.

Because of their profession and close contact with people from all levels of society these people were identified as having a good overview on their community. These two strategies result in the following interview partners: police officers, military officials, self-defense forces (autodefensas), clerics, salesmen, public servants, mayors, restaurant owners, cocalero leaders, journalists and drug traffickers.

Table 4 Groups Interviewed

State and non-state authorities (Gatekeepers)	Focal Persons
- Local politicians - Self-defence group leaders - Juez de Paz - Police officers - Military officials - Public servants - Cocalero Leader	- Restaurant owner - Bar owner - Salesmen - Taxi Driver - Clerics - Journalists - Drug trafficker

The analysis of these interviews included the difficulty of interpretation and a verification, which is prone to most ethnographic oriented studies and in particular when studying critical situations (e. g. Wood 2003). This includes that memories of historical events might be blurred by changes of the social setting or loss of memories. Also the discussion of illegality might lead to answers reflecting "social acceptance". And finally the fear of being regarded as a traitor when talking to me about drug trafficking or illicit practices is also a factor that needed to be considered during research. I attempted to confront these aspects by various steps. First, the guarantee of anonymity and security of information had to be given at all time. I made sure to establish a relationship of trust before the beginning of the formal interview and to provide a broad explanation about the research and what the data will be used for had to be given before each interview. Second, a combination of questions aimed not only at addressing my core research question directly but also clarified the context for answering the core questions. Third, through the in-depth interviews and by reflecting on these interviews afterwards, I obtained an idea on local norms and patterns when talking about the respective research topics. That allowed me to adjust my interview approach. It was therefore important to conduct all interviews myself to develop this reflection and adjustments. Only at a later stage, a research assistant conducted 10 additional interviews after being able to brief her on the research topics and –techniques. Since these additional interviews were conducted by a local (and university trained) researcher in Quechua, these interviews also serve as a check and a comparison to the previous interviews.[54] Finally, I tried to conduct as many interviews as possible in order to get the possibility of comparing interviews and identifying common patterns. I continued with the interviews on my

[54] Interestingly: Many of the interviews conducted by the research assistant were shorter and less open.

research topic until found *data* saturation, when aspects were repeated in several times by different people and I did not get more information by any additional interview.

Getting people to talk to me as a stranger about issues connected to local realities and drug trafficking was, as expected, a challenge. Mostly that was related to trust and uncertainty about what will happen to the information they would give me. Additionally, many inhabitants of the area experienced the internal conflict and violence, which resulted in traumatic experiences and some degree of mistrust also seen in other contexts (Wood 2003). Hence, a critical aspect for doing research in these marginal and (former) drug production areas was trust and assurance of anonymity. I informed every interviewee at length about the aim of my study, that I was going to interview a broad spectrum of interview partners.[55] The connection to local authority, the presence in local events and general openness about my research but also about me as a person have been key elements. Thus, I was really open about what I was doing and regarded it as important that people would know about my research and to not mistaken my intentions and to underline my position as a neutral researcher. In particular, in the coca producing areas of the VRAEM it was important to make sure that I was not perceived as an anti-drug agent.

By the end of research, I conducted 120 semi-structured expert interviews realized during a six-month field research in two regions and five districts from November 2015 to March 2016 and May to July 2017 (see Annex for list of interviews). The majority have been male (109). 112 were conducted by me mostly in a one-on-one situation. In some instances, other persons were present but never more than three. 8 interviews have been conducted by a research assistant. The shortest interview was 15 minutes and the longest 3:30 hours. Interviews with academics and local authorities were more focused and directed towards my research question while other interviews in the region, in particular with drug trafficker, had to be more open and informal for security reasons. Nevertheless, my topic guide was the basis for all of my interviews. Most interviews were recorded, when not possible or interviewees did not agree on recording notes were taken. I used open interview questions and gave the respondents the possibility to elaborate on their own experience. Even if the core questions remained the same, questions were modified or added depending on the information received through other data sources after the first research stay.

In three cases biographical interviews were used. **Biographical methods** are the analysis of life stories in the light of the research question. In the case of the present research they provide useful

[55] To assure the anonymity I provided a "code" for each interviewee of the which is based on the locality as the first and the position with in the community: for example, for a male (m) restaurant owner (res) in Santa Rosa (Sro) the code reads Sroresm.

information on particular social, economic or political shifts in the region. These personal "life stories" allows to analyze the effects of structural changes on the individual level and the interpretation of these changes for the individual and their families (Richie 2003: 36). During field work key personalities have been identified to tell a period of their personal life that coincide with key events for the local community. These personalities include community leaders such as (former) leaders of the self defense forces, economic leaders, journalists or the Justice of Peace (Juez de Paz). The biographical method was used only after having received and analyzed already other data sources for being able to have knowledge on the circumstances, local history and after defining key events.

Interviews were transcribed in part by me, particularly those interviews that I regarded as particularly sensible both in content and concerning the interview partners. The majority of interviews were transcribed in full length by a research assistant. Following that, I have coded the transcripts in different steps by using the software MaxQDA. Coding of interviews identify the main themes covered during the interviews and follows two major steps. Before starting to transcribe and code the interview material, I identified some key codes based on theoretical concepts before starting to code such as "Trust", "Infrastructure", "Economic Development", "Coca" or "Rule". I have then applied *in vivo coding* – identifying relevant codes during the process of coding. This gave the opportunity to include interview data directly into the strategy of analysis. Therefore, during the process of analysis, I reconsidered coding and added new codes. This procedure helped not only to make the analysis more precise but also to reflect on the relationship, and to identify categories and structures.

4.4.2 Surveys

For further information, I used a survey with a small sample for being able to compare data generated from the interviews and to create a new data source. Additionally, by using the survey, important features of the sample are identified such as trust in the state and state institutions or perception of the local security situation. The interviews deepened the information on these issues. The survey will be used to accompany the information of the interviews and participant observation. Participants for the survey are different from those selected for the interviews and were randomly selected. The survey was realized with the local population but not with authorities. The survey serves as additional data source to test data from the interviews and other data sources. In total, I conducted 118 topic specific surveys with the local population. 44 participants have been female and 72 have been male (2 refused to indicate their gender). From those 65 have been conducted in the VRAEM (Santa Rosa, Llochegua and Cumunpiari) and 59 in Alto Huallaga (Monzón, Subde de San Jorge, Huipoca). The surveys covered the topics of trust on local authorities and towards the state (institutions) as well as on satisfaction

with local development and personal needs. Furthermore, it asked for influential people in society and is thus intended to get an overview of local perception of power structures.

The survey will be a good tool to complement the analysis. In all of the selected regions, little information is available on the socio-economic structure, neither do we have a recent detailed on the perception of life and the relationship towards the state. The latest Census publication is from 2007 (INEI 2007) while most of the more recent household data are projections. Furthermore, data on local power structures and trust in the state- and non-state institutions in the region have not been available. The survey will therefore create a new data source to provide further basis for the analysis. Findings help to increase generalizability and the possibility for replication of research. Finally, given the sensitivity of the topic a survey provides the opportunity to address sensitive topics that can be answered anonymously. The survey included open- and close-ended questions to address topics on living conditions, the personal perception on institutions or drug consume as well as the perception of security, infrastructural development or the behavior when experiencing violence. Close-ended questions aimed for data about institutions and service provision and included ordinal scales[56]. Open-ended questions prompted more detailed answers on the perception of rules or powerful actors within the community (e. g. "What should the most powerful authorities provide for the community?") (See survey questions in Annex).

4.4.3 Participant observation

A third form of data included the "naturally occurring data", participant observation and the revision of documents. Participant observation deepened the knowledge on the local specifics concerning several aspects of the regions. Participant observation is a good tool to investigate specific social realities recognizing the researcher as a spectator and actor at the same time allowing the researcher to include every-day life or "ordinary" conversations and interactions into the data gathering process. Participant observations allow the researcher to get insights through events as they occur and allow to get the right "feeling" for the situation and circumstances (Richie 2003: 35). We can distinguish between non-participant, passive-participant, moderate-participant, active-participant or complete participant (Kawulich 2005). My role shifted during the research stays from passive-participant, when I took a role as a bystander, to moderate-participant, when I became active though remained an outsider from the main activities and complete participant, or to active-participant when I became part of the process and in that situation a member of the group. These shifts sometimes overlapped for example while I took the role as a passive participant, when I was for example waiting on a

[56] E g. on the question "How much trust do you have in [institution]?" options to answer this question have been: a lot, some, few, none.

transportation facility or walking through the villages to get an overview on local habits during different times of the day, I often became involved in informal talks and changed my role to a moderate participant. I also became often a complete participant when eating or drinking something together or chatting informally with the local population. The combination of these activities gave me a broader overview about local habits and structures.

During time in the field, information was gathered in the form of field notes that not only helped to order data but also structure and focus the participant observation.[57] I will give detailed analysis when useful including aspects of transportation, local economy and security. These aspects will be described in more detail in the different chapters. By using a field diary, I made sure to take notes on a regular basis while I was in the field. I noted experiences that had direct relevance to my research question but also encounters and situation where the connection was not as obvious. Furthermore, I recapitulated interviews and wrote down thoughts, doubts and hypotheses. Through that the diary became an important tool during field research but also it facilitated writing my analyses.

4.4.4 Secondary literature and Document Review

The last data sources used for the study included publicly available information such as official documents and secondary literature. This information gives important insights on state formation since we can track the policies for colonization of and policies regarding areas in Peru. Likewise, by using reports of ministries or non-governmental organization, I will gather information on the current socio-economic situation. Documents of the police, the United Nations Office on Drugs and Organized Crime (UNODC) and anti-drug agencies (DEVIDA) gave insights on the level of drug production and anti-drug policies. This was also used as background information for interviews and the analysis as well as for the case selection. Finally, newspaper and journal articles serve as a further source of information.

Before starting field work in an understudied environment it is unclear which data will be found "on the ground" and which will be used. The mix of different data sources and different strategies allows to analyse the subject matter from different angles. That includes different people and different levels of social standing within the societies (mayors and self-defense group leaders but also taxi driver or shop owner). It also allows to cross-check the available data. The data used in this study allows to give a detailed picture on the context and a focused analysis of the research question. I used information

[57] On a critical account on participant observation and objectivity. Bourdieu (2003)

given during field work to refine questions and used the given information to calibrate data gathering strategies. The main focus and core questions did not change however.

4.5 Reflecting on Ethics and the Researchers Role

4.5.1. Ethical Considerations

As all scientific research, studies in social science should be guided by principles and standards. That includes aspects such as data quality or reliability but should also include ethical standards (Lewis 2003: 66-71; Christians 2011). While this should be needless to say and included in all research, I find it important to highlight the point of ethical considerations. Additionally, to the need to include ethical considerations in social research, my study is built heavily on first hand data, interviews and participant observations that I gathered while interacting with people in the focus areas and often concerned aspects that touched upon illegality. Therefore, it is important to highlight various aspects about the protection of anonymity, the measures to inform about my role and my study as well as the necessary steps to assure security. The research was guided by a do-no-harm principle and also by not interfering in local decision making processes by taken sides.

To make sure people knew about the reason of my stay and the intention of my study was an important for my study in the region. A standard for social science research is a signed informed consent, which also includes the consent that the interview can be recorded. The consent should be given in a free and un-coerced manner and also based on the complete information what the study is about (Christans 2011: 144-146). To people I interviewed or those that participated in the survey I explained in depth my role and the research that I was doing. I also informed the local authorities about my study and in two occasions gave a small presentation in the comunities where I have outlined the purpose of my visits (Cumunpiari and Monzón). Thus, I ensured that people participated voluntarily and were fully aware of the study. Mostly because of the sensitivity of topics and the highly “politicized” region they lived in, a written informed consent was not always possible. Therefore, I asked for a verbal consent, stating the approval of the interview and recording. In cases where the consent was not being given I did not record the interview. There have also been situations where I received the hint of not asking further in a certain direction or that the interviewee did not wanted to answer the question because of security reasons. In this case I changed the subject.

For reasons of anonymity some interview partners did not give me their full or even their first name. Local authorities and most academic experts I interviewed did so however. To secure anonymity is not a simple task and can probably not achieved for 100 percent. Because what is seen as an anonymous quote might be easily identified by an insider or local inhabitant. For this study I followed two steps

for anonymization. First I used codes when saving the interview files directly after the interview has taken place. For the analysis I assigned a unique code for each interview partner (see logic Annex). An essential aspect is to ensure the safety of the participants. While the research did not directly harm people, comments could have led to a negative outcome later on when for example somebody was criticizing a *cocalero* or giving details about the drug production chain. Therefore, I made sure not to share any information in particular no personal information or details mentioned during the interviews or what I observed. In some instances, I was explicitly asked about what a certain person has said or done; in this situation I declined to give information.

Most of the information I gathered in the region depend on human interaction. In the interviews I made sure to take a neutral position. The topics raised in the interviews and the discussions are controversial and I withhold my personal opinion on the matter to influence the study. Nevertheless, I engaged in open discussions but where I acted more as a moderator instead of actively selling my own opinion. In the "micro cosmos" of a district or even a village comments that are made become public relatively easy, also the people one meets and talks to. My intention was to talk to as many people as possible, not only for formal interviews but informal chats and become active in community life and do not openly show preferences of whom to meet in order to not influence opinions. Hence, I generally tried to keep a neutral position, but there are some obvious aspects related to me as a person, which made it difficult to be completely neutral.

Furthermore, I was able to realize various research stays in the region, which gave me the opportunity to include various rounds of analysis. The first stay in the region gave me the chance to get to know the environment "on the ground" and connect to authorities and the local population. Getting to know the "research environment" and the people allowed me to connect to the local population and offered an opportunity to them to get to know me. This proved to be important, since the skepticism towards me has been very high at the beginning and was particularly related to the illicit economy. During the second time, when I visited each region, I did most of my interviews and surveys which I was able to analyze before I entered the regions for a third time. During this final research stay, I could use the already analyzed information for focusing on specific questions and observations. Another very important aspect proved to be the presentation of preliminary findings to local authorities and the discussion of some of these findings. This gave an important feedback loop to my own research, and moreover, I got the opportunity to directly discuss information from my research findings with people in the region. Moreover, I was as transparent as possible with my findings, to state official, the local population, and local authorities. This has been a first approach of "giving back" some of what I have learned on the regions. Parts of this feedback round included: presentations in the DEVIDA headquater in Lima, in front of high ranking military officials in the VRAEM (Pichari), talks with DEVIDA officials in

Tingo Maria, with the mayor in Santa Rosa, the CAD president in Santa Rosa, the Juez de Paz in Llochgua, and the CAD president in Llochegua.

4.5.2 Reflecting on Researchers Role

The qualitative approach and the deep personal involvement in the analysis requires self-reflection from part of the researcher. Being aware of one´s role in the field, during observation and interviews is inevitable for preventing biased results as well as rash conclusions. This is even more important concerning the sensitive topic, which requires a sensibility of the researcher for the research environment. Following Virginia Olesen, reflexivity includes that the researcher as well as participants produces information and that reflexivity demands the recognition and discussion with the research dynamics, "*in particular, acute awareness as to what unrecognized, elements in the researcher´s background contribute*" (2011: 135). That entails the awareness of my role, which is, in a nutshell: A male European researcher, an outsider in the marginal region with a different cultural background, who might be perceived as potential threat, potential business partner, as someone that sticks out in the community and who has potentially a different understanding of norms and rules. All of this has the potential of changing dynamics in the region and should be involved in the reflection on the study.

Other restriction included the immediate recognition as an outsider of the region or as "*someone not from here*". In regions that until recently were very closed and difficult to access for strangers and which are still little frequented by outsiders, my presence was observed conspicuously in the eyes of local inhabitants. Being aware of these preconditions I attempted to confront the challenges upfront. In all focus areas of this study I stayed longer periods of time. The first person I addressed was always a local authority such as peace judge, self-defence force leader or local politician where I explained my intention for the research. Often this was followed by some advices to whom I should talk and what to avoid (although the latter were often very few aspects). Besides that, I showed presence and talked to as many people as possible. As discussed, my presence was not only easily visible but also spread fast. To all people I talked to I was open about my research.

Presenting myself as a researcher in the region was essential for the possibility of doing research in the first place and not being shut out immediately. At the same time my presence as a researcher from the outside resulted in restrictions for both participant observation and interviews and surveys. The same holds true for social desirability of answers. Cross-checking the information provided in the interviews against each other, with the available literature and own observations also provides the possibility to get more "dense" evidence for social and political life in the region and how the illicit economy shapes it.

My role as a male researcher in the region predefined how people reacted on my arrival, how people behaved when I was present and which access I was granted (or not) to local social life. Whenever possible I tried to engage into community life which was not only helpful for a better understanding of local social actions but also create more trust and understanding for me as a researcher. While some doors were open and easily accessible such as an easy access to most decision makers in the region, or the frequent invitation of sharing a beer or the open conversation in groups of men such as taxi drivers. Others areas have been more difficult to access, including interviews of women or open talks in the streets with women, also, I was often mistaken an anti-drug agent (DEA or Interpol) or a drug trafficker – I was offered to buy and transport drugs several times in the VRAEM. Contacting men for the aim of research was much easier to realize than female persons for the interviews. Men have been mostly skeptical at the beginning but during the talk the skepticism became lower. Women on the other hand often remained very skeptical or refused to engage in a longer conversation or even a formal interview. Additionally, most authorities and "gatekeepers" have been men, which influenced the imbalance of male and female during interviews. In this regard, the survey was very helpful and there was an even group of male and female participants.

Using an ethnographic approach includes the need of a distance between the researcher and the topic researched. Keeping objectivity while at the same time remaining open is not always easy as for example some encounters reveal personal tragedies or created sympathies. Writing a field journal helped to constantly reflect on my own role as well as on the information gathered during the day. Moreover, the exchange with researcher and journalists helped to reflect on the findings and experiences. Another important aspect is the reflection that as researcher I am not a neutral observer in the even though social scientist should be as neutral as possible. But we will always carry a bag of norms and cultural background with us that we should be aware of.

5. The Bigger Picture

The following chapter will explore the aspects that are relevant to understanding drug trafficking in the peripheral regions of Peru. To analyze the impact of the drug economy on local social order, this chapter will give an overview on the history of peripheral regions as well as on drug trafficking in Peru. I will give a summary of the historical development up until the beginning of the conflict with Sendero Luminoso, and I will stress the significance and the development of the illicit economy in the country. This historical analysis will form the basis for the case study by primarily investigating two main aspects: Firstly, I will show as to what extent these areas can be considered to be *brown spots* and

peripheral to the state. From this point, I will subsequently analyse the evolution of cocaine production in Peru. This second step also includes an assessment on how a commodity that was projected as a medical drug became an illicit product and a security concern. The chapter ist not an attempt to give a complete picture of the history of Peru from the mid-20th century. Rather, it aims to provide a fundamental understanding and background information for the argument that is the essence of the thesis. The chapter elaborates on the spatial power and outreach of the state and sets the basis for the following analysis.

5.1 Periphery, State and Conflict

During the first half of the 20th century, state power remained largely absent in the Amazonian and Andean regions of Peru. Provision of services, construction of streets, communication networks, or judicial institutions and hospitals were confined mainly to the coastal areas and primary economic centres in the Andes (Hau and Biffi 2014: 203; Contreras and Cueto 2015: 247-304). The role of the state intensified under the Leguía government (1919-1930), which included pronounced investments and an expansion of the bureaucratic sector. The budget of the Republic grew from 66 million soles in 1919 to 149 million in 1930 (Contreras and Cueto 2015: 247). However, the spatial grasp of the state remained limited, was scattered regionally, and state influence was largely absent in many of the Andean and Amazonian areas. After the Second World War, the country witnessed a boom in industrial development and agricultural exports, even though compared to other sectors, the relative importance of agriculture declined. Investments in infrastructural investments increased at the same time (Cotler 2005: 248-255).[58] The stimulus for agricultural development and migration came mainly from rubber or coffee: the production of rubber soared from 65,000 kg in 1941, to 1,420,000 kg in 1944 (Contreras and Cueto 2015: 296). Nonetheless, the development of the "Selva" was not a priority for the Peruvian governments until the 1950s and the colonization of the Selva regions were rather spontaneous. Other than the construction of roads such as the one built in 1943 from Lima to Pucallpa, a town in the Amazonian region of Ucayali, the process of modernization of the jungle regions remained slow. This phase also coincided with the emergence of local groups and interests (Ibd.).

During the second term of Manuel Prado (1956-1962), interest in the Selva region intensified. As a result, in 1959, the Prado government created the first ever commission to study the possibility for agrarian reform (Mayer 2009: 47; Aramburu 1982: 4). The Belaunde administration (1963-1968) intensified colonization and infrastructural development as a means to the integration of the marginal areas of the country. During Belaunde's first presidency and under his credo "Conquest of Peru for the

[58] Another dramatic increase during this time was in the education sector (vom Hau and Biffi 2014: 203-205; Vergera 2014: 31-32).

Peruvians" ("*Conquista del Peru por los Peruanos*")', he attempted to extend the agricultural frontier and sought to foster an inclusive ideology within the country. A program intented to develop the country's interior, promoting peripheral regions as a haven for starting a new life at a time of growing urbanization and growing difficulties of life in the the cities.[59] The program included the construction of highways to enhance accessibility to the regions. The "Marginal Highway"[60] (*Carretera Marginal*) integrated the regions in the country and was more than just a project when compared to expansionist projects in neighbouring countries. It was a response to internal pressure and subsequently became a symbolic narrative for the reach and scope of the Peruvian state (Kernaghan 2009: 8). The construction of the *Carretera Marginal,* which made Amazon regions accessible with modern asphalt streets, was developed as a special project. As a result of the expansion of state, the *law 15600* was passed also to encourage development in the Amazonian regions (Cotler 1999: 113). The program encouraged settlers to be at the forefront of colonisation of remote and "unpopulated" territories with the potential of a better life. It also encouraged agricultural and infrastructural integration (Aramburu 1982; Kernaghan 2009).

However, it migration to the peripheral area was a hard sell. The economy at the time was based on the export of primary goods and biased politics that favoured the urban elite over the rural peasants. This contributed to the growing inequality and impoverishment of the rural population. Prior to the agricultural reforms of the Velasco government, the periphery saw aspects of autonomy with regard to local and regional elites (Vergara 2015). Most of the agricultural regions functioned under a *hacienda* system in which large extensions of land had been in the clutches of few families.[61] The distribution of land was highly imbalanced and in 1961, around 0.2% of the landowning population owned around 70% of the land (Contreras and Cueto 2007: 335; Velasco et al. 2008: 129).[62] In regions that had low levels of state control, hacienda owners had a lot of influence of social control and acted as intermediates of the state. This practice changed after the *coup d'état* of 1968.

The military government of Juan Velasco Alverado (1968-1975) anticipated a "revolution from above" and deprived regional and peripheral elites of concentrated power. At the time of a financial crisis, Velasco implemented an agrarian reform that included the exile of landowners who possessed

[59] In 1950 Lima reached one million inhabitants and only 12 years later counted two million, while the coastal regions already combined 39% of the population (Contreras and Cueto 2015: 314-315).

[60] It was later renamed as the Fernando Belaunde Terry Highway. The road project was furthermore promoted by the USA as an attempt for promoting development and fighting communist movements (Kernaghan 2009: 11).

[61] Douglas North and colleagues write: „*The export of English land law to the American colonies is a centerpiece of most economic histories of the New World. English land law provided an institutional and legal basis for a relatively equal distribution of freehold land in the American colonies, while Spanish and Portuguese land law led to the creation of large estates and unequal distribution of land throughout what would become Latin America."* (North et al. 2009: 77)

[62] Before the land reform in 1969, small landowners, accounting for 859,000 hectares (around 1.6ha / farm), managed over 503,000 farms, while 6,177 landowners had 10,034,941 hectares, and the 1,000 controlled around 60% of the arable land. (http://pdf.usaid.gov/pdf_docs/PNAAG974.pdf)

exorbitant volumes of land, the haciendas. The agrarian reform attempted to bring about a change in the unequal distribution of land. Within a decade, 15,826 properties and nine million hectares of land were expropriated and the power of the old oligarchy was dismantled (Mayer 2009: 53). The land reform of Juan Velasco Alvarado demolished the hacienda system and instead created a system of different cooperatives.[63] Until 1979, 9.1 million hectares were expropriated from a total of 30 million hectares of agricultural land, nationally *(*Contreras and Cueto 2015 348*).* The new system included land distribution endorsed by the Velasco administration and the promise of better opportunities in the agricultural sector, prompted migration into the area beginning in the 1960s. All the same, the intent of getting more people to possess land and curtail the influence of the landowning elites, fell short of its expected promise. The 1969 agricultural reform was not able to reduce the disconnect between the agricultural production areas and the consuming urban centres (Cotler 1999: 103-107; Kláren 2004). Additionally, the Velasco regime based the foundations of its power on the military rather than the elite. Elites in the periphery of the state did not gain political influence with the result that there was no alternative political influence (Vergara 2014, 2015: 232). The land reform also failed in an economic sense and led to a breakdown of the periphery politics in t the state. The failure of the agrarian reform and a lack of political integration and organization, weakened the peripheral areas. This is when the conflict spread-out in the Andean region of Ayacucho. The conflict had devastating effects and left behind a periphery that was disintegrated politically and was ruined economically (Scott Palmer 1992; CVR 2003; Theidon 2012).

The left–oriented, anti-oligarchic military government stayed firmly in place until 1980. However, economic pressure led to an end of the military rule and led to the re-election of Fernando Belaúnde Terry, who had been ousted 12 years before. Besides the economic and political integration, Belaúnde had to confront a growing threat during the course of his second term (1980-1985): the guerrilla group *Sendero Luminoso* (Shining Path). The guerrilla group was formed at the end of the 1960s, by the philosophy professor, Abimael Guzmán, in Ayacucho. The burning of ballot boxes during the national elections of 1980, in Chuschi (Ayacucho) was the first violent act of Sendero Luminoso (CVR 2003 Tomo II). The political establishment did not take the group serious in the beginning and Sendero Luminoso extended their influence soon after the first few incidents (Chávez Wurm 2016).[64] In 1981, as the growing influence of Sendero Luminoso became more apparent, as did the incapacity of the state security forces in dealing with it, Belaúnde declared a state of emergency in several districts in Ayacucho. This included restricted civil rights and greater powers for the state security forces. A state

[63] „628 agrarian production cooperatives (CAPs), 58 social interest agricultural companies (SAIS), 13 rural social property companies, 1075 campesino groups and 345 native communities in the jungle were created.*" (Brombacher et al 2012: 40, own translation).*

[64] More on Sendero Luminoso and the conflict: Palmer 1994; Stern 1998; Gorriti 2013; Degregori 2010; Theidon 2012

of emergency was declared in Ayacucho from October 1981 and was implemented partially in the beginning. Initially, there was no harsh reaction from the state until 1983, when the army took charge of internal order in Ayacucho. At the same time, the police assumed more responsibilities to combat the guerrilla group. This was also the beginning of one of the most violent and bloody phases of the conflict, with the highest numbers of death and disappearances occurring in the department of Ayacucho (CVR Tomo III 2003). It was also the start of a "*dirty war*", awash with human rights violations, that targeted largely the rural peasant population (Obando 1998) and that led to the formation of self-defence groups. Under the presidency of Alan Garcia (1985-1990), the state of emergency was extended to more departments and districts[65]. In stark contrast to what Garcia had promised during the election campaign, under his presidency security forces used violence against civilians as well (Obando 1998; Oettler 2003). The conflict and financial crisis that erupted under the Garcia administration left the country in a difficult situation. By the end of the 1980s, Peru was a fragmented country with a politically feeble regional elite. Additionally, Peru also reeled from the growing internal conflict that resulted in many parts of the country to coming under military control. The subsequent attempts at decentralization in the 1980s failed, while at the same time revolutionary and violent forces were on the rise. The periphery was, as Alberto Vergara notes, a "*political wasteland after the disappearance of traditional oligarchic ties and the loss of legitimacy of the anti-oligarchic elite parties after a decade of disastrous rule that eroded their already weak links to society*" (Vergara 2014: 37).

In light of the devastating economic situation and the prevailing internal conflict, a new government came to power, led by the dean of the University of la Molina – Alberto Kenya Fujimori Fujimori. The Fujimori administration further centralized power and dissolved the periphery politically (by disbanding the regional governments in 1992) and economically, by cancelling tax revenues earmarked for the regions. It also provided funds to the municipal level through state funds (FONCOMUN). Similarly, the number of congressmen reduced from 240 to 120. Fujimori's stringent policies weakened the regional powers and fostered an unavoidable dependency on Lima. There was now no viable power structure in the periphery that could have countered this (Vergara 2014: 38-41). Economically, it followed a neoliberal policy. Fujimori undermined democratic power with his "autogolpe" (self-coup) and established an autocratic regime. Fujimori also restructured the military and the security sector on the counsel of his closest adviser, Vladimiro Montesinos, who exercised extraordinary influence in this administration (Degregori 2000; Kláren 2004: 497-502; Quiroz 2014: 355-401).[66] Montesinos had a key role in Fujimori´s Peru, and operated in the shadows through a devious network of corruption

[65] See on changing civil-military relations Obando (1998)

[66] Montesinos became an essential figure during the Fujimori administration and also for the growth of drug trafficking in Peru (see below).

and violence. The military became the most important element in securing and sustaining Fujimori´s power. Besides the instances of human rights violations and the demolishing of a democratic state structure, the Fujimori regime also saw less integrated peripheral regions (Vergara 2015). A massive spying and corruption scandal that erupted around his influential advisor Vladimiro Montesino, led to the resignation of President Fujimori, which he comunicated via fax while he was in Japan.

Interestingly, despite the autocratic nature of the Fujimori government, many people in the Alto Huallage or the VREAM today, salute the Fujimori government as the regime that stood up to the guerrillas and ushered peace into the region. Common expressions of support for the regime include statements like, “He was the one that pacified the region”. However, the main cause that brought about the end of the conflict against Sendero Luminoso, was most likely the incarceration of its leader. After the imprisonment of Abimael Guzmán in 1992, the Sendero Luminoso lost its leadership and most of its members surrendered shortly afterwards. Up until 1994, between 4,000 to 8,000 people surrendered under the Ley de Arrepentimiento (Chávez Wurm 2016: 293). Only certain factions of the guerrilla group stayed active. After the capture of the head of the Junín fraction, Óscar Alberto Ramírez Durand (comrade Feliciano), in 1999, Sendero Luminoso seemed to be finally defeated. Nevertheless, two separate groups remained active; one in the Alto Huallaga under Florindo Eleuterio Flores Hala (Comrade Artemio) and another in the VRAEM led by Víctor Quispe Palomino (Comrade José). Their main source of income emanated from drug trafficking (see below).

Fujimori’s resignation and the political changes that followed marked the end of a violent and autocratic phase in Peruvian democratic history. It was also the beginning of a transitional of justice process. This process aimed to clarify and analyse the events that took place between 1980 and 2000 (Oettler 2003).[67] In 2003, the Truth Comission (Comission de la Verdad y Reconciliación, CVR) published its final report. Although urban areas were also affected by the conflict, the majority of victims were from the rural areas, especially Ayacucho (CVR 2003). The CVR (2003) estimates that 70,000 people were victimized by the conflict. The majority of victims were not only the rural but also the indigenous population. Even though Sendero Luminoso was the main perpetrator, the state security forces are said to be responsible for about 30% of the casualties among the civil population. As will be elaborated in the case studies later, the conflict also played a decisive role in the aggrupation and organization of local communities in the VRAEM and the Alto Huallaga. In this situation, the new millennium began with attempts at re-democratization. However, because of on-going structural deficits, the inequality

[67] At the GIGA a doctoral thesis that deals with the Transitional Justice Process and its effect on social cohesion by Elisabeth Bunselmeyer is to be finished in 2017.

in coastal areas in relation to the rest of the country, and corruption and drug trafficking scandals that seeped into the highest political echelons, trust in the political institutions are still at a very low level.

5.2 Local Rule

This sub-chapter attempts to give an overview on local powers in the Amazonian region, with emphasis on the VRAEM and the Alto Huallaga. As explained before, there was no strategy for the successful integration of peripheral rural areas in Peru. Haciendas and economic ties had created a link to the coastal areas. However, the agrarian reforms of Velasco that followed, demolished the old Hacienda system and with it, the local structures and rules. There was no alternative social structure that could be substituted for providing order. Alternative structures gradually evolved and are partly in place even today. Other structures and institutions gained importance as the old order collapsed.

For example the appointment of a *Juez de Paz* ("peace judge"). These judicial authorities were an offshoot of the colonial times, installed to provide a nature of rule that would be mainly based on local practices. Until the agrarian reform by Velasco in 1969, the Jueces de Paz were often closely related to the wealthy hacienda families and therefore were often predictably biased when it came to judicial rulings (IDL 2005: 40-43; Barrera 2016: 186). After the dissolution of the hacienda system, Juezes de Paz held an important role in exercising judicial control and are often responsible for various communities. Most cases that the Jueces have to confront are the ones that deal with domestic violence, petty crimes or the like but they also handle other disputes. Van Dun (2014: 11) describes a situation wherein the Juez de Paz had to deal with an issue of stolen coca. Since the coca was illegally produced, the victim could not go to the police and instead had to consult the Juez de Paz. They are familiar with established local norms and are highly respected members of society with a lot of social credibility and legitimacy. They are often trusted with "minor" disputes such as family violence or fraud that are mostly resolved by coming to a mutual consensus. Jueces de Paz are not paid a salary for their services, but have the option of retaining a service fee (IDL 2005).[68]

A particular form of a peasant based-organization is the *rondas campesinas*, vigilantes, that at first, focused on cases of cattle robbery but soon extended the ambit of their influence to other conflictive issues within the community. Later, they also took on representative and administrative tasks. The first rondas were reported to be active in Cajamarca, in 1979 and soon could be found in other provinces too. During the conflict, they played an important role in self-preservation, when the rural population

[68] Prices often depend on the value of the case resolved or the financial opportunities. During my field work I found that peace judges were given presents for their work, and some openly talked about it. Most jueces de paz live a precarious life

became increasingly vulnerable to violence from Sendero Luminoso and from the state security forces. Considering this situation and the evident lack of trust in the state and its limited reach, communities organized themselves in groups in order to defend themselves. They became more vital as part of the counterinsurgency strategy and Alan Garcia was the first to incorporate them in his strategy against the guerrillas (1986). Under the Fujimori administration, these self-defence forces were officially endorsed as comités de autodefensas (CADs). Later they were also provided with weaponry and military training, though not all of them joined in (Degregori 1996; CVR 2003 Tomo II: 449-475; Zech 2015).[69] Also after the conflict the CADs still have a dominant role to play. The law 27908, passed in 2000, legally reaffirmed that these self-defense forces were allowed to solve conflicts and implement justice.[70]

Besides these two important institutions, in many regions, the *gobernador* and its deputy (teniente gobernador) or the mayor assumed further important roles. The gobernador is an official representative of the Peruvian president, elected by the local population. As Barrera writes, from 2002, the state promoted *juntas vecinales de seguridad ciudadana*, citizen security groups. These comprise elected members of a community and are responsible for preserving order and prevention of crime (Barrera 2016: 193). These are some of the particularities in the peripheral areas of Peru. The concrete powers and individual influences of these authorities might vary among different communities, depending upon the character of the person in question. The chapters 6 and 7 will give an overview on the particular power structures in two regions.

This chapter gave an understanding of the country's relationship to its peripheral regions and its forms of (dis)integration. The infrastructural scope in Peru has been very limited with particular reference to the selva. Also limited was its capacity to implement laws and to have a connection to the local societies. In the words of Mann (1993: 53), the Peruvian state had low infrastructural power. In this regard, the development of the Peruvian state is similar to other instances of state formation experienced in the region. The Peruvian state was relatively late in implementing infrastructural projects that would reach the Amazonian region. Even after their implementation, the extent of its infrastructural power remained weak, as in many other Latin American countries (O'Donnell 1993; Soifer 2008; Soifer 2015). The colonization of remote Amazonian areas came somewhat late as well. The reason as to why the reach of the state remained weak and why state formation was not defined clearly could be many, such as the sheer size of the territory (Herbst 2000). It could also be the costs of state extension because of the terrain involved. For example, Peruvian cities in jungle regions were

[69] In the VRAEM region, the groups became known as the DECAS (Defensa Civil Antisubversiva) before they were also renamed to CADs and became arguably the most fearsome of the self-defense groups.

[70] The rondas and CADs as well as the jueces the paz can be seen as a form of legal pluralism in Peru (Barrera 2016)

not connected to infrastructure development for a long time, because of their remoteness. However, these aspects do not sufficiently explain variations in state reach. There was also the question of a comparatively strong state reach in Chile or Mexico notwithstanding its geographical and territorial challenges (Soifer 2015). Nevertheless, several influxes of people were related to this colonization, in particular driven by agricultural development and infrastructural improvements in the regions. Nevertheless, integration of these areas in the margins has not been very successful in Peru (Vergara 2015).

The weak regional integration in the marginalized regions resulted in them becoming dependent on a commodity that was defined as illicit by the state, coca and drug production. Hence, the coca and cocaine industry in Peru developed in the marginalized regions of the country and state interest in these regions was decreasing. The cocaine boom in the 1980s provided essential opportunities for generating income in these regions. The following will highlight how coca and cocaine became an illicit good and what this means in terms of these marginalized areas.

5.3 Peruvian Cocaine

When it comes to illegal drugs and illicit economies in Latin America, attention has been concentrated on Colombia or as more recently on Mexico (among others Thoumi 1995; Snyder and Martinez 2009; Mejía and Pascuale 2009; Acemoglu et al. 2009; Duncan 2013). Even though Peru has consistently played a major role in the cocaine business, academic research has shown comparatively little interest in this country. Studies focused mainly on a historical (Cotler 1999; Gootenberg 2008) or an economic perspective (Dietrich 1998; Leyva and Mendoza 2016). In recent years, the number of studies on the impact of drug trafficking in Peru increased (Bernex de Felen 2009; Felbab-Brown 2010; Garcia and Stöckli 2014; Zevallos 2016). However, there are still relatively few studies on this topic and even less in context of social order or state formation.[71] This is in spite of the fact that right from the start, Peruvian cocaine was the primer source for producing legal drugs with medicinal purposes. Even today, as a major producer of coca and pasta basica de cocaina (PBC) for illicit purposes, Peru is central in the international cocaine business. To put it in more precise terms, Peru is the first step in a global illicit value chain.

Planting coca is neither very care-intensive nor are the initial investments very high. Coca can be harvested three to five times a year, and like most other illicit crops, it is economically much more

[71] In a recently published edited volume on the current political, economic and cultural situation in Peru (Paap and Schmidt-Welle 2016) there is no chapter on the coca or drug economy in Peru.

rewarding when compared to conventional crops. What became even more significant was the fact that laboratories for the production of PBC were located nearby and therefore transportation was not necessarily an issue.[72] Hence, coca proved to be the perfect crop for a marginal jungle area that had low infrastructural capacity and limited access to the legal markets. Despite certain challenges for the cocaleros and PBC producers, coca regions in Peru emerged as major producer of PBC and became vital for the growing international cocaine industry.

Before it became the basic ingredient for cocaine, coca was a traditional crop. A survey by the Peruvian statistical agency found that around 4 million traditional users of the coca leaf exist in Peru (Rospigliosi 2004: 94). It is utilized mostly in the form of tea or for chewing the leaves (the traditional "chaccheo"). The plant grows below 2000 m in subtropical climates. Until recent times, the use of coca was not branded as illegal. The production of coca per se, is also not illegal, but is only regulated. The following chapter gives an overview on the development of coca, its production, and its derivatives. It also explores how it became an illicit good in the country and the regions.

5.3.1 From Medicine to Illicit Drug: A Short History of Coca and Cocaine in Peru

It all begins with the coca plant. The traditional use of coca goes back for centuries, already used in pre-Incan times, before it became a sacred plant for the Incas. For the Incas, the coca was a divine crop and its usage became a privilege only to the nobility. When the Spanish conquistadores controlled the Andean region, they at first had no use for the plant. But it did not take them long to discover its effects on the work performance of the indigenous people. The Spanish conquistadores noticed the beneficial effects of the crop such as the feeling of physical strength it gave, controlled appetite, and reduced fatigue. They thus promoted its usage for work in the fields and in the mines, in a bid to boost production and lower costs. The payment made out to workers was in the form of coca instead of cash. Hence, while coca was a prerogative of the elite in the Inca society in earlier times, its usage became more widespread among the indigenous society (Gootenberg 2002, 2008). The usage of the coca crop was adapted by a large part of the indigenous population, and until this day, the Andean peasant population practices its traditional use (Parra 2014). Gootenberg writes on the cultural importance of this crop: "*Coca use is seen as a ritual and spiritual act, as a cultural affirmation of community trust and ethnic solidarity, and as a coveted good of social exchange tha t integrates the scattered Andean ecological archipelago*" (Gootenberg 2008: 16). Among the non-indigenous population, coca was utilized exclusively for scientific use and did not become part of the elite culture in the coastal regions,

[72] On how the trade was organized see below

but was debated as such. While some argued that it was part of national ethos, others stated that the coca culture was merely an indigenous culture and prevented the assimilation of indigenous population (Durand Ochoa 2014: 35). The reason coca came into discredit is mainly related to the production and the rise of cocaine as an illegal drug. However, before it became a globally illegal drug, the habit of using cocaine legally was widespread.

The extensive history of cocaine production in Peru starts at the end of the 19th century (Gootenberg 2008). The first case of isolation of cocaine in 1859, by the chemist, Albert Nieman, was followed by a worldwide resounding success. In 1884, Karl Köller successfully anesthetized the human eye using cocaine hydrochloride. This had an impact on the medical use of cocaine and led to subsequent research on the same. The German pharmaceutical firm, Merck, produced cocaine on a large scale.[73] In the decades that followed, the drug was increasingly used as an anesthetic as well as a treatment for alcoholism, depression and prolonged fatigue, in the United States and Europe (Gootenberg 2008: 23-30; Durand Ochoa 2014: 37).[74] Moreover, cocaine was used as an ingredient in the production of wine (*Vin Mariani, Vin du Coca du Pérou de Chevrier*), crèmes and pills to name a few. Peruvian cocaine became an essential commodity for the country, which was traded on the world market (Gootenberg 1999, 2008; Cotler 1999: 22).

In 1905, Peru exported 1,600 tons of coca and 5 tons of cocaine, which accounted for roughly half of the total worldwide production. Exports were made mainly to Germany, the USA and to France. In 1901, the USA for example, imported 863,252 kilos of coca and 461 kilos of cocaine. However, only eight years later, the volume of Peru's export diminished significantly. From 1890 until about 1912, when Java took the lead, Peru was the world's leading producer of coca and industrial cocaine (reaching 10t in 1901). The Dutch colony found more efficient and innovative methods to produce coca. The success of the coca crop and the huge global demand for it, led European powers to plant coca in different locations worldwide. The Dutch experience in Java was the most successful in this regard. This led to a drastic reduction in the number of coca plantations and the export of cocaine. In 1913, Peru exported 3.3 tons of cocaine and 393 tons of coca, and two years later, export stood at 1.4 tons of cocaine and remained at 393 tons of coca (Cotler 1999: 22; Gootenberg 1999: 48-49; 2008: 158).[75] A bigger impact came in the 1960s, when coca and cocaine became a globally banned good.

The increasing international prohibition on the use of coca and cocaine resulted in an overall decrease in the production of cocaine, and predictably influenced the Peruvian production as well. The

[73] There are two species of coca used to produce cocaine: Erythorxylon coca which has mostly been planted in Peru and Erythroxylon novogranatense which is mainly planted in Colombia.
[74] Among others, Sigmund Freud became an advocate for coca and coca (Gootenberg 2008: 26).
[75] Julio Cotler estimates 200 tons of coca and 2.5tons of cocaine for 1913 (Cotler 1999: 22)

international commitments forced the Dutch to withdraw their highly successful coca and cocaine production venture in Java. International pressure also brought the Peruvian cocaine production into a crisis. Production now remained consistent only on the regional levels. The international drug regime gathered more and more global political consensus on the ban of cocaine. Ironically, the phase when the global prohibition regime was in place from the 1960s was also the time when cocaine became a "global drug" (Gootenberg 2008).[76]

5.3.2 The Development of an Illicit Good

We can subdivide the development of illicit drug trafficking in Peru in three different phases: 1960 to 1979; 1979 to 1999; and from 1999 to 2012 (Antezana 2008, Cotler 1999).[77]

In the first phase, the year 1960 to 1979, coca production mainly fueled local traditional consumption. This phase was marked by key political circumstances both national and international. International anti-drug policies drove the process of coca expansion. With the USA as a driving force, an international prohibition regime came into existence in the 1960s.[78] The UN single convention on drugs ratified in the year 1961, in Vienna, was followed by internal drug regulations in Peru, in 1964. In 1971, US-President Richard Nixon, declared an all-out war on drugs.[79] In a politically centralized Peru, the coastal elite, centered in Lima, mainly drove the course of prohibition. This elite not only prohibited cocaine but also aimed at a more restrictive policy against coca. The latter was, not surprisingly, driven by feelings of resentment towards indigenous culture and customs (Cotler 1999: 78). The official "declaration of the war on drugs" made the illegal trade even more profitable. There were considerable risks associated with the dealing of cocaine, which consequently translated into higher "street prices". It did not take long for smugglers to make good use of this newfound opportunity, including Peruvian pioneers in what was soon to become the most lucrative illegal industry in the world (Gootenberg 2008). Thus, international pressure caused a global drug to turn illegal, and had a significant impact on the local coca economy. By the time the global cocaine market changed, causing rising demands, the majority of coca was produced in Peru, primarily in the Alto Huallaga Valley. Additionally, there were international factors at play along with the national ones. The possibilities for

[76] On the development of Peruvian cocaine also with regard to international and national laws see Gootenberg 2002 (in particular 157-241).
[77] For an excellent overview on the history of illegal cocaine see Cotler 1999
[78] For a detailed and fascinating analysis on the shifts of coca and cocaine production as well as the international dimension of it see Gootenberg 2008 (especially pg. 143-291).
[79] USA was for a long time a major importer of coca and cocaine. However, as reports on dangerous side effects of cocaine grew, the USA banned cocaine 1914 Harrison Act 1922 Jones-Miller Act. While Peru at first refused to sign international agreements against drugs, it later gave in to international pressure. (Gootenberg 2008: 190-226; Durand Ochoa 2014: 39),

controlling the marginal areas of coca production were low after the coups d'etat of Juan Velasco Alvaredo in 1968. Thereby, government action against drug trafficking was restricted. The agrarian land reform act, spearheaded by the Velasco regime, also played a key role. Instead of improving the agrarian situation, on the contrary, it contributed to an impoverishment of the agrarian population (Mayer 2009). Under these exceptional circumstances, the developing cocaine industry, promoted by Colombian smuggling networks, provided income opportunities for peasants in the marginal areas of Huánuco.

During the regime of the Peruvian military government headed by Francisco Morales Bermúdez (1975-1980), several restrictions against drug trafficking began to be put into place. The Decreto Supremo 254, implemented in in 1964, already limited coca production zones to some areas in Cusco, Ayacucho and Huánuco. However, a new law against the illicit trafficking of drugs was approved on the 21st of February, 1978 (*Decreto Ley 22095 o Ley de Represión al Tráfico Ilícito de Drogas*). This law backed eradication operations *Mar Verde I* and *II*, campaigns that came under fire for human rights violations. These campaigns also provoked a reaction from the cocaleros especially in Huánuco, San Martín and Ucayali, where the «*Comité Regional de Productores de Coca de la Provincia de Leoncio Prado y Anexos*» was formed, presided over by Tito Jaime Fernández (CVR 2003 Tomo IV: 336; Durand Guevara 2005).

The second phase in the development of an illicit good spans from 1979 to 1999[80]. It became the first coca boom, which was essentially connected to the increasing cocaine business and the making of a "global drug" (Gootenberg 2008). However, there was also growing pressure against coca farmers. The growing demand for cocaine in the USA, and the rise of the Colombian smuggling networks, contributed to a rise in the demand for Peruvian coca and its derivatives. Cocaine became even more popular, particularly in the East coast and the night clubs of Miami. This coca boom would change and influence the Andean countries in the years to come.

The international market had a stimulating effect on Peruvian coca production and the proliferation of PBC. The growing demand for cocaine and the expanding smuggling networks coincided with internal political and economic factors. A foreign debt crisis that affected most of South America was particularly painful for Peru from 1983 onwards. The Peruvian GNP dropped 12% while inflation was up to 250% (Dreyfus 1999: 376; Fonseca 1992: 510). In part, the informal and illegal economy absorbed unemployed dwellers, impoverished peasants and those seeking for new opportunities and financial outcome. Because of the growing demand for coca leaves in the production of cocaine, working

[80] The exact end of the first coca boom is debatable (eg. Antezana 2008 sets it in 1998), but it is obvious that from the mid-1990s onwards, the production of coca and PBC decreased substantially, a fact which will be explained later in this chapter.

opportunities increased even more. Prices for coca were high and since transportation was provided by smuggling networks, the crop could be planted in remote areas. State services as well as access to the licit markets in these remote areas was difficult, thus coca provided a good and probably the only source of income. A contributing factor was the national conflict and the fight against the guerrilla groups, which in particular, led to an upsurge in coca production in the VRAEM and the Alto Huallaga. The national and international dynamics influenced coca production and increased it tremendously. Numbers vary with regard to the extent of coca production. However, it grew steadily from the 1970s onwards: In the early 1970s, coca production was about 10,000ha, while in 1979, it was already at 65,000, before it reached between 120,000ha and 200,000ha in the mid-1990s, 55% of these in the Alto Huallaga (CVR 2003 IV: 312; McClintock 1988: 128; Dreyfus 1999: 376).[81] In the 1980s, Peru became the primary producer of coca worldwide, constituting for approximately 65% of the global coca production (1985: Bolivia 25% and Colombia 10%) (Bagley *2009:* 25). The national debate on the cultural base for coca production and its consumption, changed into a discussion on drug trafficking, driven by an international discourse (Cotler 1999: 86).

The lucrative illicit trade had an impact on the colonization of marginal areas of the state. In 1974, 54% of the coca producing areas were in Cusco, 24% were in Huánuco, and only 1% was in San Martin. Eight years later overall production increased and diversified. The share of national coca production in Cusco fell by 13%, it increased to 36% in Huánuco and 45% in San Martin, in the Alto Huallaga (Cotler 1999: 118). The rising demand for coca gave rise to a parallel demand for peasants or workers who would be experienced in the process of harvesting coca leaves. Workers would have the opportunity of earning three to five times more than what they would have earned in the *Sierra*. The estimates for the early 1990s suggest that up to 175,000 people worked in this commodity sector, which was about 7% of the economically active population in the rural areas of Peru (Ibd.: 119-120). Consequentially, attracted by "easy money", more people began to migrate into these areas, particularly in the AHV, which was the center of coca and PBC production during this time (Ibd.:117-123). This industry also proved to be profitable for bigger *firmas or* cartel members. Likewise, because of the increased demands for coca and drug production, a new industry evolved, providing opportunities for working in the coca fields and in related sectors. Hence, in turbulent periods, during times of economic calamity and the unfolding conflict, the coca and cocaine industry helped to mitigate through the crisis (Durand Ochoa 2014: 55-56).

The cocaine boom was marked by the involvement of international drug networks that bought PBC and transported it mostly northwards to transform it into cocaine hydrochloride. During the first coca

[81] These numbers have to be considered with caution as they are very difficult to verify and the measures as well as the data can be put into question. However, they give an indication on the massive growth of coca production during that time.

boom from 1970 to 1996, the dominant Colombian "cartels" from Medellin and Cali indulged in large scale smuggling operations by the end of the 70s. At the beginning of the 1980s, they created new smuggling opportunities – the main producers of the raw material for cocaine during the time were Peru and Bolivia (Thoumi 1995, 2006; Gootenberg 2002). The Colombian cartels did not just revolutionize drug trafficking, but also dominated the international trade.[82] This made traffickers like Pablo Escobar and Jorge Luis Ochoa, some of the richest men on earth. They primarily relied on the proliferation of the raw material coming mainly from Peru. Production sites for coca, cocaine laboratories and landing strips were built in the peripheral areas. Especially in the Alto Huallaga, a region, that had historically less control by the state. Given the lack of other opportunities, the coca industry was the means to a lucrative option to make a living. Hundreds of people were thus able to earn money playing the roles of producers, smugglers, *cocineros* or as pilot (Monunm; Vrapolm). At the beginning of the 1990s, Peru produced about 129,000ha, becoming the primary supplier of coca for the illicit drug industry (UNODC 2005).

Nevertheless, the boom ended in the mid-1990s, and coca cultivation and the production of PBC decreased substantially. The reasons were attributed to state intervention, changes in the international cocaine business and a *fungus (Fusarium)* that destroyed vast amounts of coca crops (García and Antezana 2010; Marcy 2010; Zevallos 2016). Furthermore, the regime of Alberto Fujimori started an unprecedented campaign that employed several combative measures against illegal coca plantation. A key factor was the disruption of the "air bridge" (*interdicción aerea*). Planes suspected of transporting PBC or cocaine could be shot down by the military. The second approach was to step up the eradication and destruction of coca plants. With the *legislative decree 635* of 1991, four additional articles concerned illicit drug trafficking in general. Aggravated forms, possession for illicit trafficking, distribution of small amounts of drugs and possession for personal use were exempted from penalty. The penalties included prison sentences that could extend for up to 25 years (Soberón 2011).

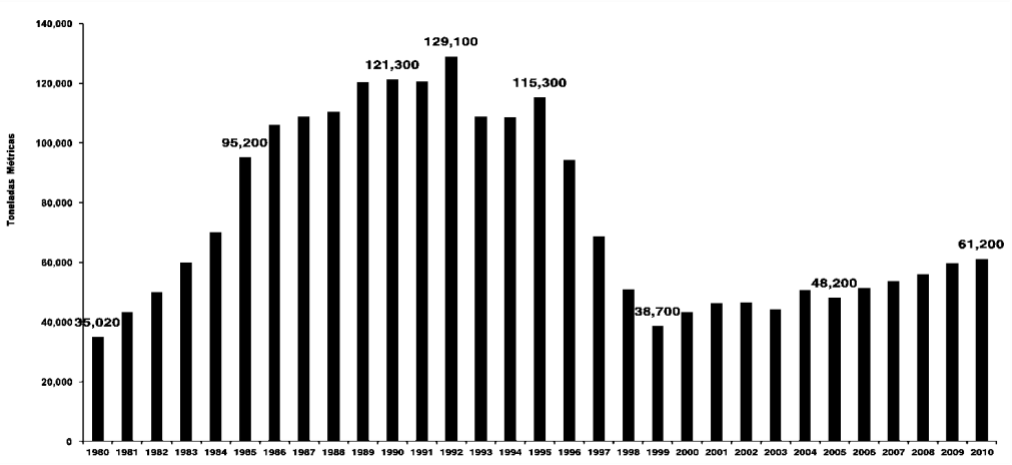
During the same time in the north of the border, the biggest purchaser of Peruvian PBC, the "cartels" of Medellin and Cali, suffered major hits. The manhunt for Pablo Escobar ended with the death of the drug capo in 1993, which also signaled the end of the Medellin cartel. This and the subsequent dismantling of the Cali "cartel" transformed the Colombian drug trafficking scene for years to come, and resulted in a massive change in the international cocaine trade (McDermott 2013; Bowden 2012). Because of their global importance, the killing of Escobar and the disruption of the Cali cartel by the mid-1990s had a major impact on the international drug scene. After the disruption of both major Colombian cartels, the prices for coca and PBC were dwindling in the production regions. Initially, there

[82] Partly, the growth and importance of the Colombian cartels was driven by their geographic location, smuggling expertise and industrial crisis – in Medellin for example (Thoumi 1995).

were only limited options for selling the products. Moreover, the disruption of the air bridge during the Fujimori administration interrupted the constant flow of illegal flights that transported PBC out of the Alto Huallaga or VRAEM. Mexican cartels became an increasingly important player, with the result that the Peruvian traffickers began to sell their products to Mexicans (Dreyfus 1999: 379; Insight Crime 2014).[83]

Another important aspect was the fungus *Fusarium Oxysporum* that destroyed most of the coca plantations at the beginning of the 1990s. As a result, coca production shifted northward towards Colombia. Furthermore, international support for fighting drug trafficking increased considerably. The US backed funding for fighting drug trafficking increased from 11 million USD in 1989, to 75 million in 1999. In the early 1990s, about 80% of US-cooperation was foreseen for the economy. By the end of the 1990s, 40% of the funding was allocated to narcotic control (McClintock and Vallas 2003: 6-7.) Peru also created a new agency for the fight against drugs (CONTRADROGAS – literally meaning "against drugs") in 1996. Finally, in spite of the dismantling of bigger cocaine cartels, the coca production in Colombia remained stable at the beginning of the nineties. According to the UNODC, this was followed by an extremely prolific period in 2000, when production expanded to 163,000ha (Figure 1).

Figure 1 Coca Cultivation in Peru (1980-2010)



Source: ENLCD 2012

From the mid-1990s until the end of the decade, cocaine processing and coca production declined. For a brief period, it seemed the strategy focused more on alternative development and the integration

[83] There has never been a big cartel in Peru such as in Colombia, one that controlled production, and transportation to the consumer markets. Although big cartels such as Demetrio Chavez Peñaherrera, alias El Vaticano, played a huge role in providing drugs for Colombian cartels, the latter had control over the last part of the production chain until the mid-1990s. Later, Mexican drug traffickers played an increasingly important role. Nevertheless, there has always be an influence of the illicit economy on politics. During the Fujimori regime, the involvement of the state became more ambiguous. (Insight Crime 2014: http://www.insightcrime.org/news-analysis/peru-drug-traffickers-political-broker-vladimiro-montesinos)

of cocaleros than on repressive means. In 1991, the Fujimori administration decriminalized illegal coca plantations, the cocaleros became accepted interlocutors, and there were signs of an integral anti-drug policy. However, shortly afterwards and perhaps because of pressure from the USA, drug policies became more repressive and led to an increased role for the military in the fight against drug trafficking. It also led to the resignation of Hernando de Soto, head of the Peruvian drug control policy, who advocated a civilian based solution (Rojas 2005: 191-194; Durand Ochoa 2014: 60).

Coca producing regions suffered because of the above-mentioned reasons and suffered an abrupt downfall. While the 80s and early 90s are comparable to a gold rush in the coca growing areas, the second half of the 1990s can be better described as an economic crisis in the coca producing regions. Not only did the production decrease, but it also resulted in the sharp decline of prices for coca and its illicit derivative. The prices of PBC fell from 850 USD to 100 USD, while a kilogram of coca sold for no more than 0.40 cents in 1995, coming down from the earlier price of three USD (Cotler 1999: 129). The Fujimori administration was praised for its efforts in fighting drugs and for the ensuing reduction in coca production, even though it was the result of many different factors such as the fungus and fluctuations in international drug trafficking (Rojas 2005). Moreover, even though the Peruvian government received international praise for reducing coca production, in the 1990s there are various accusations of state officials in the highest levels of the Fujimori administration and the military being involved in the drug business.

While the volume of drug trafficking decreased, it certainly did not cease. Interestingly, the Fujimori government was maligned by rumours of high levels of corruption and the involvement of the military in drug trafficking. During the Garcia and Belaunde administration, the involvement of the military and police officials in the drug trade was very much apparent. However, during the Fujimori administration, the level of corruption was astounding. Fujimori appointed Vladimiro Montesinos as special adviser and head of the SNI.[84] Since Fujimori was an outsider in politics with no links to the higher ranks of the Peruvian military, he chose former army captain Montesinos in an attempt to get more control of the military. Montesino relentlessly amplified his power and essentially controlled large fractions of the military and police (Obando 1998, Rojas 2005). As a US cable reads: "*There is no one who stands toe-to-toe with Montesinos in the Peruvian government, and nothing that the government does on intelligence, enforcement and security issues occurs without his blessing*" (cited from Insight Crime 2012). The USA supported Montesinos until the end of the Fujimori-regime (see Rojas 2005: 208). Several accusations, that include Montesino's direct involvement in orchestrating large-scale drug

[84] On Montesinos see Rospigliosi (l2000);

trafficking, hold up to this day (Rojas 2005; Cawley 2014).[85] One of the biggest Peruvian drug traffickers, Demitrio Limoniel Chávez Peñaherrera also known as *El Vaticano*, claimed in his legal proceedings that he had to pay 50,000 USD as a monthly fee, for transporting Drugs out of the Alto Huallaga (El Comercio 2012). Additionally, El Vaticano testified that he paid 3,000 to 5,000 USD per flight, for 280 flights between 1990 and 1992.

Montesinos attained considerable success in the fight against the guerrilla group Sendero Luminoso, and was effective in reducing the volume of coca production and drug transportation. However, on the other hand, there were the several alleged links that associate him with the drug traffickers. International intelligence was aware of his increasing power and its role in Peruvian drug trafficking, but hailed the success in the fight against Sendero Luminoso (for an excellent overview see Rojas 2005; Quiroz 2013). Montesinos' power increased consistently, with the result that he monopolized intelligence and drug control, obtaining thus considerable influence over the armed forces.[86] Involvement in drug trafficking was only one aspect of Montesinos' *portfolio* of illicit activities. Among others, these included arms trafficking to the FARC in Colombia. Furthermore, the CVR concludes that the SIN was deeply involved in drug trafficking by that time! "*el SIN, según múltiples evidencias, un actor mas en la marana corresiva del narcotráfico*" (CVR Tomo V 2003: 768). A cable of the US ambassador in Peru reads:

> *"Former President Alberto Fujimori´s (1990-2000) intelligence chief Vladimiro Montesinos, for example, collaborated with top army and other security officials to develop a web of protection for favored drug traffickers while cooperating with U.S. Officials to combat others. To many observers, that was Peru´s "heyday" of narco-corruption (…)"* (cited in Durand 2014: 61).

Several cases against members of the state security forces which were accused of being involved in drug trafficking, including generals in the AHV during the Fujimori government, support this claim (CVR 766.). In the aftermath of the elections of 2000, a video was released that showed Montesinos bribing an opposition lawmaker. Montesinos was arrested in 2001 and faced several charges that included arms trafficking and corruption. It was probably the presence of Montesinos that prevented the formation of a big drug trafficking organization in Peru (Lijourm1). The Montesinos case revealed the existence of a far-reaching network of corruption, one that included political-military chiefs of the Huallaga Front (Obando 1998: 400).

The period spanning the beginning of 1999 until 2012, marks a point of recovery for coca production. It also heralded the gradual increase of drug production in Peru up to the point that in 2012, the

[85] There are allegations that Montesinos recieved drug money before Fujimori was elected. Roberto Escobar claims, Montesinos received one million USD for Fujimori's election campaign (NY times: http://www.nytimes.com/2000/11/14/world/peru-congress-ousts-its-president-fujimori-ally.html)

[86] Decrees 25626 and 25635, 21 July 1992 El Comando Operativo del Frente Interno (cited in Rojas 2005: 196)

country became the primary producer of coca and cocaine (UNODC 2013). Again, international and national dynamics facilitated this increase, particularly, the stricter methods the military and Plan Columbia employed in fighting drug production in Colombia (Thoumi 2003; Mejía and Restrepo 2009; Mejía 2015.). Additionally, new smuggling routes and new distribution markets such as Brazil, created incentives for the fast-expanding production in Peru. The structure of smuggling changed considerably in comparison to the 1990s. The influencing factors were the dismantling of the big drug cartels in Colombia, and the intense involvement of Mexican and Bolivian trafficking networks. Moreover, local trafficking and production were more fragmented and diversified (see actors below). By the end of the 1990s, the national agency that fought drug trafficking during the time, CONTRADROGAS, promoted eradication efforts, primarily in the Alto Huallaga Valley. The increasing efforts to eradicate coca, however, did not lead to a decrease in coca production but instead provoked resistance and triggered a radicalization of the coca farmers (see below "Cocaleros"). Changes in legislation, such as the *law 27,817,* of August 2002, which modified *article 298* of the criminal code and *law 28,002* of 2003, complemented the legislation on illicit drug trafficking and selling in Peru (Soberón 2011).[87] Nevertheless, legislation could not prevent the further increase of coca and drug production in Peru. Instead of resulting in sustainable success, the state policies only led to a reorganization of coca production and drug smuggling.

Although the intensity of coca production never matched the levels of 1992 again, the gradual growth of coca revived illicit opportunities. Prices of Peruvian coca increased consistently from its lowest level in 1995. The period also saw a resilient movement of cocalero farmers demanding rights to plant coca (see chapter below). Production gradually increased again, this time mainly because of efforts to destroy the Colombian coca production. On the other hand, Peruvian coca and cocaine production peaked in 2012, when Peru became the major producer of both (UNODC 2013). According to UNODC estimates, cocaleros produced 62.500 ha of coca in 2011 and 42.900 ha in 2014. The argument justifying this new decline was pointed to the extended eradication program that had varying degrees of success in different regions[88]. In recent times, the vast majority of coca, more than 87,000t, is produced exclusively for the illicit drug market (UNODC 2015).[89]

The prohibition of cocaine illegalized not just cocaine, but largely, also the coca business. Numerous attempts at eradication failed to stop the illegal plantation of coca and the production of drugs. Entities fighting coca production in Peru, including the *Proyecto Especial de Control y Reducción de Cultivos*

[87] For a recent analysis of drug legislation and prison population in Peru, see Dammert and Dammert 2015

[88] more than 31.000 ha have been destroyed in 2014 (DEVIDA)

[89] Estimates for cocaine production are around 300tons following a WOLA analysis from 2012 (http://www.wola.org/commentary/un_and_us_estimates_for_cocaine_production_contradict_each_other)

Ilegales en el Alto Huallaga (CORAH) might have been successful for a short time and from a regional perspective, but could not affect the overall national production level in a sustainable manner. Today, Peru is the second biggest producer of coca and cocaine after Colombia.

5.3.3 What are the aspects of the illicit drug economy today?

In Peru, coca and cocaine production are not the only illicit economies. Further unlawful markets exist in the country, such as illegal mining, illegal logging, counterfeiting, and other illegal sources of money. Often, these illicit markets are not completely detached from legal businesses. The entanglements are often difficult to observe, but important to understand, since they have far reaching social and also political consequences. Within the production chain of cocaine, there are several overlaps with regard to legality, informality and illegality. For example, chemicals used in the production of drugs are difficult to regulate because they are used for legal businesses as well. Moreover, cement, gasoline and lime are also import ingredients in the production of cocaine and PBC, but can be purchased legally.[90] Additionally, the ingredients in the production of PBC and cocaine can be substituted because of diversification in the methods of production. As a police officer in the Alto Huallaga mentions to me during an interview:

> *[...] they did it with kerosene but now there is no kerosene, so they do it with ether, or gasoline. The chemical inputs can vary, because chemistry has an almost infinite range. […] Chemical inputs are also necessary to use in other areas such as agriculture, cleaning etc. […] you will need these supplies and gasoline right? Without it, the vehicles do not work. What would I do with a beautiful Mercedes Benz if I do not have gasoline. "(Agupolcm)*

For the analysis, we need to consider overlaps between legal and illegal markets, not only for the raw materials, but also for sources of transport, which involves legal as well as illegal means. The means of transportation ranged from hidden packs of PBC and Cocaine in "taxis", to illegal landing strips. Transportation via planes and the carrying of PBC and cocaine by *mochileros*[91] *was another effective means of dispersing them*. Finally, legal businesses also profit from the illegal businesses in the form of investments and because of higher income for their businesses.

Unlike in the 1980s and the beginning of the 1990s, the production and retailing structure of illicit drugs is much more diversified today. Most actors who are involved are vertically less integrated and horizontally more varied. Each step, from the producing of the raw material until its commercialization in Rio de Janeiro, New York or Berlin, is part of a global value chain. It all begins in the coca producing valleys, where the raw material is produced. This initial step involves a high number of workers that

[90] On chemicals see Antezana 2010; Vizcarra 2014

[91] Smuggler of drugs who use backpacks (spanish: mochila) for transportation.

include owners of small parcels and farmhands who are involved with working in the fields. It also comprises a secondary work circle that includes agricultural chemicals and people transporting the coca leaves. The next step involves the refinement of the raw material first to pasta basica de cocaina (PBC), which is transported to the shipment points and further refined to cocaine before it is transported via a land route to the national ports at the coast or to illegal landing strips in the region.[92]

Hence, on the national level, drug economy includes a variety of actors that include the ones on all levels of society, from the farmer on the local level, to the national political representatives and middlemen who facilitate the trade and the smuggling of goods. The state developed a dense system of different agents fighting illicit activities. However, several cases show a connection between the state agents and the drug trade (la Repulica 2014a; Vizcarra and Zevallos 2016). The relationship to the illicit economy might be because of the disregard for the law, for example, accepting bribes and not checking certain cars that clearly were being used for trafficking drugs (or controlling those indicated by traffickers). It might also be a direct participation in the trafficking of drugs, as several reports on cases of police and military involvement show (e.g. OjoPúblico 2017).

Table 5 Groups and Actors in Drug Economy

Type of Activity	*Type of group and activity*	*Area of activity*
Agricultural	*Peones ("farmhands"):* usually hired for harvesting coca leaves in part working by daily agreements	Local/ District level
	Cocaleros: coca cultivating peasants (large-scale and small-scale). Representation.	
Cocaine Processing	*Pasteleros:* processing coca *pasta* (professionals and peasant entrepreneur)	
	Stampers: workers in maceration pits	
	Chemists: using chemicals for the production of coca paste and cocaine	
Coca Gathering	*Acopiadores:* coca pasta or unrefined cocaine gatherers	
Smuggling	*Burros:* small-scale cocaine smugglers (independent or working for *firma*,	Regional/ National level
	road smuggling)	
	Mochileros: small-scale cocaine smugglers Mostly young men. Carrying up to 20kg in back packs (Spanish: Mochila) (road smuggling or smuggling by foot)	
	Pilots: cocaine smugglers transporting drugs in planes	
	Smugglers of chemical: those who transport the chemicals needed for cocaine	

Source: data based on own sources and van Dun 2009

Since the second coca boom at the end of the 1990s, there was a fanning out of drug traders and diversification of transportation sites that shifted eastwards towards Brazil. Furthermore, new shipping routes via West Africa to Europe were discovered. Different international players such as the

[92] For a detailed analysis of drug production see VRAEM chapter. On the value chain see also Vizcarra and Lopez 2012

Bolivians, Brazilian and Paraguayans also came into the picture (Vrapold). Gradually, cocaine production regained force, and family clans took control over local production. The Mexican cartels gained more importance in the drug trafficking business, and play an important role in the trade up to this day. New illegal airstrips had been built in areas that were relatively inaccessible, like in Pichis Palcazu and the VRAEM (DEVIDA 2014: 23).

Today, family clans and smaller gangs run local drug trafficking in Peru. There seems to be no single person or group who dominates or controls large shares of the business: "*They are all medium-sized businesses. Once they grow too big, they are either busted by the police, or move out of the region, buying property in other areas*" (Interview UN official). After the collapse of the Colombian cartels, and a restructuring of cocaine trafficking, these local "firmas" took over. During the first boom of cocaine, leading members began theire smuggling operations from the 1970s to the 1990s (van Dun 2016: 5). These firmas rely on loose networks that involve different people in the production of cocaine.

While the hectare size of coca decreased, the quality and production output increased (UNODC 2015). Moreover, the skills of chemists who were involved in the production of cocaine improved; they needed less coca to produce one kilogramm of cocaine, which is also a testament to the quality of the coca leaves in the area.[93] The leaves contained higher amounts of alkaloid compared to the crop in other parts. Besides, the method of planting coca had diversified which allowed the farmers to plant more coca per ha. The production potential in the VRAEM is much lower. This means potentially less work for peasants, but still reflects decent earnings for traffickers and cocineros – diversification of production sites. Hence, actors, the value chain and production have diversified in the drug economy today and it will be further examined in depth in the analysis of the regions.

5.4 Highlighting Actors

Some actors with connections to drug trafficking and coca production were mentioned previously in the study. The following will highlight the roles of four diverse actors: the *cocaleros*, the guerrillas, the self-defense forces, and the state. All show a connection to the coca and a direct or indirect involvement in the drug economy. For our analysis, it is important to give a basic introduction about

[93] Due to the legislation, it is difficult to evaluate how much coca is needed to produce one kg of cocaine, but the estimation in 2008 by UNODC seems outdated. They estimated 375kg of dried coca are necessary to produce 1kg of cocaine. Interviews with "cocineros" suggest that this number is a lot lower today. However, valid data can only be gathered after restrictions for research on this issue are lowered (DEVIDA 2015: 25).

their role within the margins of the state and their relationship, with regard to the coca and cocaine economy.

5.4.1 Non-State Actors

Cocaleros

The cocalero movement played an important role in the national discussion on coca and for local rule. In particular, from 2000 to 2005, they formed an influential front against the state and the strategy for eradication, with charismatic leaders at its front. Though the movement formed already in 1958 in Cusco, the importance of FEPACYL grew after the criminalization of coca in 1978 (Durand Ochoa 2014: 55).[94] The cocalero movement launched a number of strikes and protests, especially in the aftermath of the US-supported eradication campaigns of Mar Verde I, Mar Verde II, Bronco I, and Bronco II. Nevertheless, none of the movements were able to curb drug policies and decriminalize its national production (Ibd: 55). However, during the internal conflict, the fight against the guerrillas and their influence became the priority in the cocalero regions, and hence the coca movement lost its influence. Because of severe damage to infrastructure, and threats to lives, the political discourse on coca became less relevant.

After the conflict, the fight for coca production regained momentum. Nationally, several organisations existed to support the cause of coca production, but they had different approaches (table 6). Their positions changed over the years and some ceased to exist due to state intervention.

Table 6 Cocalero Organizations

Organization	***Position***	***Main demands***
FEPACACYL/ APOCAS (Cusco and Puno)	- Influence from politically leftist parties (PUM and Patria Roja) - Connected to centres of peasants and to the CCP on the national level	- Most importantly, demanding the extension of purchasing coca by ENACO including financing and incentives for peasants
FEPAVRAE (Ayacucho)	- Various positions, not restricted towards one party - Positions depend on leaders	- Main projection entity is DEVIDA and agencies advocating for alternative development - Demanding a dialogue for "voluntary eradication" and the increase of prices for legal coca
APHOC Tocache/ APAL-A (Alto Huallaga)	- Radical positions, in particular, dismissal of foreign interest and promotion of coca production	- Demands directed mainly towards the Ministry of the Interior and DEVIDA. - Argued for a stop of forced eradication and a replacement

[94] By then, they began to lobby for cocaleros, first under the FECACYL and then the *Frente Nacional de Defensa de los Productores de la Hoja de Coca (– FEDNDEPCO)* that united cocaleros from the valleys of Cusco, Sandia, Upper Huallaga and Apurímac-Ene (Durand Ochoa 2014: 55).

APAVM (Monzón)	- Was one of the most aggressive groups - Radical view against the state and relative support of drug trafficking	- Demanded the state to immediately stop forced eradication and the penetration of the area

Source: based on Durand Guevara 2005 and interviews during field work

The CONAPA-Peru was formed in 1998 in Lima connecting eight different federations and groups such as APALP-A or the affiliated OARA (Asháninkas del río Apurímac) and four women peasant associations of the VRAE, Tingo María, Uchiza and Monzón (Durand Guevara 2005). The collaboration between these different sections has been difficult, but for a short period, they followed a concerted effort. The reason was the state policy and the threat of eradication. The growing efforts of CONTRADROGAS to eradicate coca increased the resistance of coca farmers. During the course of the Fujimori administration, growing protests against eradication in the Monzón Valley, Alto Huallaga Valley and Padre Abad Valley, forced the government to initiate talks regarding the eradication processes (Rojas 2005: 213). The dialogue continued under the new administration, but there was no headway. At the same time, forced eradication continued. With the entry of Nelson Palomino in the VRAEM as a leading figure, came a new generation of leaders who were more aggressive and radical in their demands. In association with the influential leader of the Monzón Valley, Iburcio Morales, a new slogan was coined by the cocaleros: "coca o muerte" – coca or death. After the negotiations with the government failed, a nationwide protest began in June with the march in Lima. It was a major demonstration showing the strength of the movement and its capacity for mass mobilization. This resulted in a settlement with the Toledo administration (Durand 2013; Rojas 2005: 216).

In January 2003, a national congress of the Cuencas Cocaleras took place in Peru and around 1,200 dirigentes cocaleros participated. Among them were Nancy Obregón, Elsa Malpartida and Flavio Sánchez Moreno for the Alto Huallaga, and Nelson Palomino and Marisela Guillén for the VRAE. The most important outcome of this encounter was the creation of the Confederación Nacional de las Cuencas Cocaleros del Perú (CONPACCP) with Nelson Palomino and Nancy Obregón as secretary generals (O'Brien 2008: 43-44). Their demands included the discontinuing of eradication, the deactivation of DEVIDA, the validation of the coca leaf as a symbol of national heritage worth protecting, and the withdrawal of the 1961 UN single convention on drugs (Ibd.). The perception grew that the government would not comply with its promises. A majority of the farmers were unsatisfied with the participatory eradication program offered by the government.[95] This led to renewed protests and precipitated clashes with security forces. Palomino became the most prominent cocalero leader in the VRAEM and within the country. His fluency in Quechua and his faculty for "dominating the masses", fetched him widespread support initially in the VRAEM and soon after, nationally as well. In

[95] This program offered wages from US $16 per day, up to US $500, food packages and the possibility to get a job in infrastructure projects for coca farmers that would eradicate their coca (Rojas 2005: 219).

August 2002, he became the leader of FEPAVRAE. Between June and August 2002, FEPAVRAE signed an agreement with DEVIDA and the Ministry for Agriculture, for the gradual and voluntary eradication of coca (Durand Ochoa 2014: 66).

Later, Palomino claimed he had never signed such an agreement. Instead, he used a more aggressive language against the state and agencies responsible for promoting alternative development. He prepared the cocaleros for a violent defence of the coca, although in contrast to the Upper Huallaga Valley, there had been no large-scale eradication in the VRAEM. On November 3rd, Palomino announced an indefinite strike if the DEVIDA, other NGOs and development agencies would not withdraw from the valley. Former Interior Minister Rospigliosi assumes that Palomino wanted to incite violence in order to disrupt harmony (Durand Ochoa 2014: 67). Palomino's popularity rose further and soon he was projected as "the leader of the valley". He also became the secretary general of the newly formed national representation of cocaleros in Peru, CONPACCP. As Palominos's popularity and power grew, so did the suspicion and accusations against him. State actors were most emphatic in levelling these accusations. Palomino was incarcerated in February 2003, on charges of terrorism and drug trafficking among others. Although the charges of terrorism were later dropped, Palomino stayed in prison because of other criminal charges and in may 2004 he was sentenced to 10 years in prison.

In response to Palominos's incarceration, and as a form of protest against state actions, the cocaleros organized a protest march in Lima. The March of Sacrifice towards Lima, in April 2003, was one of the more well-known actions of the CONPACCP and was based on two main demands: the protesters wanted the state to initiate a dialogue with the CONPACCP to resolve a strike in Aguaytía and they wanted Nelson Palomino to be released.[96] The incarcerations of Palomino severely affected the cocalero movement, even though they could organize the march in Lima and were able to mobilize support. With Palomino in jail, the cocalero movement had lost its most charismatic figure. No other leader could fill the void he left in the cocalero leadership, the VRAEM and even at the national level. Additionally, the national organization CONPACCP broke into two factions, in the process, losing momentum and national influence. The cocalero movement did not retain the same level of unanimity as before and cooperation with other peasant organizations and unions were rather declarative. The cocaleros did not get much support from other sections of the society either (Durand Guevara 2005:

[96] Two groups of about 6,000 people arrived in Lima. One group was from the VRAE and the other was from the valleys along the Alto Huallaga, Monzón, Aguaytía and Uchiza rivers. These two groups started to march from different areas and after meeting at a certain point, marched together to the Palace of Justice, demanding a dialogue with President Toledo. On April 23, President Toledo met with a delegation of 32 cocaleros, Solari and the heads of DEVIDA and ENACO at the presidential Palace. The major result of that meeting was the formulation of a new law, Supreme Decree 044 (Decreto Supremo 044 – DS 044) that foresaw among others, a gradual and concerted reduction in coca cultivation and the update of the legal coca registries of ENACO. As such, the cocaleros transformed from "illegitimate" to social actors, recognized as such by politicians. However, the movement did not gain support from important political and social leaders, and was not successful on the national level (Durand Ochoa 2014: 71-74).

8).[97] Moreover, the Toledo administration now followed a more restrictive course against the movement. Today, within the valley, and on a local level, cocalero leaders still have a prominent position.

The movement was able to organize a second March of Sacrifice in 2004, but without being able to garner sufficient support and even without getting a chance to discuss their demands on a higher executive level. Because of this, the movement split into two sections; One that supported the gradual eradication and another that was against it. Most of the Upper Huallaga and Aguaytía valleys comprised the first faction; the Apurímac-Ene, Monzón and La Convención and Lares valley formed the other group. Furthermore, because of the radicalization of the movement, the cocaleros lost acceptance from society. From the mid-2000's, the national cocalero movement had no influence left anymore on a national level. Nevertheless, the cocaleros still wielded considerable influence in the regional and local level, for instance, in the valley of Monzón (Durand Ochoa 2014: 124-144). Today, cocalero leaders in the VRAEM enjoy a respectable reputation in society, and often hold a position as local authority as well. Consequently, even if their influence on the national level is low and they struggle to push for a national agenda, they still have considerable influence and support on the local level.

The Guerrilla, the Coca and Illicit Economy

The cocaine boom in the 80s also coincided with the guerrilla movement. While Sendero Luminoso (the Shining Path) was not interested in the drug trade at the beginning, the guerrilla movement that was active in the Alto Huallaga, was closely associated with drug trafficking and the production of coca. In the 1980s, the guerrillas moved to the Alto Huallaga, where coca farmers did not have any form of protection, and were exploited by drug traffickers. The Guerrilla front of the Alto Huallaga offered the farmers protection. Subsequently, the income generated from the coca and drug trade helped the guerrillas to finance their fight against the state in the Alto Huallaga Valley as they also derived their income by imposing taxes on the drug traffickers (Gonzales 1994; Dreyfus 1999; Felbab-Brown 2008; Gorriti 2013). Until the capture of its leader, Artemio, in 2012, the Alto Huallaga front remained active in the region. In the VRAEM, the relationship between drug trafficking and the guerrilla was different. In the VRAEM, the drug trade financed the fight of the autodefensas against the Sendero Luminoso (see in the next chapter). During the course of several interviews, it has been highlighted that the coca and the illicit economy was indirectly responsible for the final defeat of Sendero Luminoso in the valley.

Today, the remnants of Sender Luminoso are located only in the area of Vizcatán. They sought to profit from the militarization approach of the state and provided safe passage to drug traffickers. Under the

[97] This is also one major difference to the Bolivian case.

banner of *Proseguir*, the group launched attacks on government forces and in 2003, they kidnapped workers who were involved in the laying of the *Camisea* gas pipeline (Rojas 2005: 221). Although their attempts to endorse themselves as protectors of coca farmers against possible eradication was not necessarily successful throughout the whole VRAEM, they were still able to plan and carry out attacks on state security agents, as was seen in 2016 and in 2017 (El Comercio). The presence of the remnants of Sendero Luminoso in the VRAEM is the major reason for the region still being under a state of emergency.

The connections of Sendero Luminoso in the VRAEM are agreed upon amongst analysts, reporters and police agents. In 2015, the US treasury had three leaders of the Shining Path on its list of drug traffickers; Florence Halla and the brothers Quispe Palomino, who operated in the VRAEM (OFAC 2015). While Florence Halla was captured in 2012, the Quispe Palomino group is still active. Drug trafficking shifted to transportation through *mochilleros* over land and increased the need for armed protection against police patrols but also against other drug traffickers. Sendero Luminoso fundamentally became the armed shield for the narcotraficantes.[98]

The Comites de Autodefensas (CAD)

While one of the main assurances of the guerrilla had been to "*free the peasants*" from a system of exploitation, the actual rule of the guerrilla turned out to be rather brutal. The rule of Sendero Luminoso is still part of public memory for the people living in the region. This included public torture, a killings and strict regulation of movement that included closing down of roads and controlling entrances to villages (CVR 2003). The group gave out elite positions to people who would abide by their rules and norms, thereby, disrupting local governance structures (Degregori 1996). Compliance was demanded by the guerrilla group and was often enforced brutally (Bezan 2013). Till this day, many people in the regions I analyzed speak openly about the horrors of those times. Because of the atrocities, the local population formed vigilante groups and developed an armed opposition against the guerrilla group. By the beginning of the 1980s, peasants formed self-defence groups. The first groups had already been formed in Cajamarca before the conflict as rondas campesinas, and expanded rapidly due to insecurity and violence. There is a general consensus that these self-defence groups played a decisive role in defeating Sendero Luminoso (Degregori et al. 1996; Starn 1998; CVR 2003 Tomo II 437-462; Zech 2015).

[98] In media articles and official statements, this guerrilla group is often labeled "narcoterrorists", which seems to be an oversimplifying term. While it is true that the Quispe Palomino group earn their money in relationship to drug trafficking, they nevertheless keep an ideological background. I think this is important to keep in mind when analyzing this group, because they are still able to recruit followers and keep them in line, even though with less success compared to the time in the 1980s.

There is a need to differentiate between the different types of self-defence groups in Peru. Three distinctive types can be found: the *rondas campesinas* in the *departamentos* Cajamarca, Amazonas and San Martín, the ronda campesina integrante de comunidades campesinas active mainly in Áncash, La Libertad, Lambayeque, Cusco and Puno, and lastly, the CADs in Ayacucho, Junín, Apurímac and Huánuco. (Defensoría 2010: 14). The first two groups primarily based their ideology on identity and communal autonomy, in relation with providing security, development and justice. The CADs on the other hand, primarily employed an anti-terrorist strategy, which was supported by the Peruvian military (Defensoría 2010: 14).[99] The regions that have been studied for this thesis were mainly in Ayacucho and Huánuco. Therefore, I will concentrate on the CADs as a major force of selfdefense. In VRAEM, they were known as DECAS (Defensa Civil Antisubversiva), until they were formally identified as CADS in 1991.

The CADs were officially recognized under the Fujimori administration in November 1991. The law 741 recognized the CADs as an organization that encouraged the population to develop self-defence activities (Law No. 741). The institutionalization of the CADs allowed the use of weapons and they were "supervised" or were rather under the command of the military (Article 3). Nevertheless, even though they were connected to the state, they functioned independently and played a crucial role in fighting Sendero Luminoso and later took control of the areas. They focused on public security, acted as a quasi police force and were therefore, instrumental in preserving social order. Although the connection between the narco business and the autodefensas is not a simple or causal one, they are nevertheless, unquestionably linked. The drug economy helped in buying weapons and paying members of the self-defence groups. Since they were peasants they needed to be reimbursed when not working in the fields. This point will be explored as we will see below. The specific role of the CADs differed in context of the regions in which they were operating. Therefore, I will highlight the specific aspects of these groups in the respective chapters.

5.4.2 The State and its Drug Trafficking Policies

The story of Peruvian cocaine and coca is also a story that has international dimensions. As discussed earlier, coca and cocaine production was legal and regulated for a long time until the mid-20th century.

[99] The CVR distinguishes two types of rondas: those in the departments of the North Cajamarca and Piura which have been recognized during the government of Alan Garcia Pérez with the law 24571 in 1986 as „rondas campesinas pacíficas, democraticas y autónomas". The other group was understood as Comités de Defensa Civil or rondas contrasubersivas" that defended themselfs against Sendero Luminoso (CVR 1991) the former was institutionalized with the ley 741 in 1991.

The production met the international demand for cocaine, which was used for medical purposes by that time. The international criminalization of drugs also had a huge impact in Peru.

At the international level, there are three major conventions on the prohibition and regulation of narcotics: the UN Single Convention on Drugs of 1961, which was then amended by the Convention on Psychotropic Substances, 1971, and the UN Convention against the Illegal Trafficking of Drugs and Psychotropic Substances, 1988 (Bewley-Taylor and Jelsma 2008).[100] In relation to some substances and regions, the convention leaves some room for interpretation and explores possibilities for traditional and cultural use. These interpretations were supposed to be understood and applied by the state in question. In the case of coca, this includes a system for licencing of the coca leaf and monopolization of the industry. These international norms formed the basis for the national drug policies of Peru. Because of the UN Single Convention on Drugs in 1961, cocaine, coca and all related activities involving these substances such as commercialization, trafficking or consumption was regarded as illicit. This changed later, based on fresh international agreements. However, it initially mounted pressure on coca farmers, since the treaty upheld punitive measures against those without a license to grow coca.[101] In accordance with the new international norms on the control of narcotics, Peru developed national strategies to control and fight drug trafficking.

Part of the coca produced in Peru is licensed and falls under the purview of local regulations. It holds a monopoly on the business with coca. By the end of the 1940s, the "*Estanco Nacional de Coca*" managed tasks that dealt with the commercialization of coca. However, with the passing of Law No. 22095, the job of licensing and commercialization was institutionalized. Since 1978, the *Empresa Nacional de la Coca (ENACO)* holds the monopoly on the buying and selling of coca. ENACO formalized the production of coca by registering all legal coca producers and is the legal entity that deals with the commercialization of coca. All coca producers who are not registered with ENACO are in fact, not legal, but this is de facto which is not punishable by law. Instead, growers who plant coca without registration, run the risk of eradication. The registration of 1978 is still a binding factor and was extended in the 1990s. There are 34,245 licenses which hold 22,323ha of coca (Zevallos 2016: 68). However, the production capacity of these registered coca plantations already exceeds the absorption capacity of the traditional market.[102] Additionally, in 2011, merely 34% of the registered pieces of land

[100] For a detailed analysis of the historical development of the international prohibition regime see Gootenberg 2008; Paoli et al. 2012; Armenta and Jelsma 2015; Lessmann 2017. With a particular focus on the USA see Bewley-Taylor 2002.

[101] The UN Single Convention also included opium and cannabis and abolished all non-medical and non-scientific use of these plants. For a discussion on the UN Single Convention on Narcotic Drugs Bewley-Taylor and Jelsma 2011.

[102] Zevallos explains that in 2011 the capacity for the 22,434ha coca lies around 50,000t, which exceeds the absorption capacity of the legal market by 41,000t. Furthermore, the licenses have ben given out according to the pieces of land, with the result that 34,245 licenses have been given out for 31,886 farmers (Zevallos 2016: 68).

actively produced to sell their products to ENACO. As a result, only an estimated 1,7% of produced coca was sold in the legal market, while the rest was sold on the black market (Zevallos 2016: 67-69). A major problem of ENACO is that the black market is financially more attractive for coca peasants: ENACO pays for coca depending on its quality and rates it on three levels. For the best quality, ENACO pays no more than 70 Soles per *arroba* (around 12kg), and pays even less for lower quality coca. This turnout appears rather unattractive when compared to the competitive prices offered by the black market (90-120 Soles/ arroba).

Following international conventions, the illicitly produced coca should be confiscated (Art. 23 and Art. 26 UN Single Convention) and illicit plants and production should be destroyed (26 UN Single Convention). The cultural production and use of the crop should also be controlled (Art. 22). The eradication of coca is also based on international norms (UN-Single Convention) and met in Peru by the *Proyecto Especial de Control y Reducción de Cultivos Ilegales en el Alto Huallaga* (CORAH)[103]. CORAH operates in Aguaytía and the Alto Huallaga, but not in the VRAEM. Its task is to curtail the further expansion of coca crops. CORAH eradicated coca for the first time in 1979 and 1980, during Mar Verde I and II, in Alto Huallaga. In these two operations, CORAH destroyed 54,646ha of coca (CVR 2003 Tomo IV).[104] While the eradication prompted various peasants to join alternative development programs and plant crops other than coca (van Dun 2009: 263), its success in establishing a sustainable anti-drug policy is debatable. As discussed, changes in the international drug trafficking scene, the fungus and the growing coca production in Colombia, are factors that contributed to the decrease in coca production. It also triggered the growth of the cocalero movement and support for the guerrillas (Felbab-Brown 2010; Durand Ochoa 2014). In 1998, the forced eradication was considered less sustainable, even though coca should have been supplanted with options for alternative development.[105] The chapter on Monzón will further discuss the effects of eradication. CORAH formulates an annual plan for eradication and explores its different aspects. According to DEVIDA, in 2016 CORAH eradicated 30,151 ha of coca (DEVIDA 2016).

In several international reunions since the UN Single Convention on Narcotic Drugs (1961) international drug policies have been developed further even if the initial goal of eliminating illicit drug production including cocaine and coca has not been met.[106] The discussion on eradication as a method of fighting drug trafficking, has changed, especially since 1988, considering issues of human rights,

[103] Special Project for the Control and Eradication of Coca in the Upper Huallaga: in charge of the eradication of the coca fields within Law 22095.

[104] Between 2007 and 2011, it eradicated more than 10,000ha per year, but only in a restricted area of operation. The eradication profoundly affected the coca producing communities in the Alto Huallaga. It also influenced the involvement of guerrilla groups in the region (see Alto Huallaga and Monzón chapter).

[105] UNGASS 1998. Supported 2009

[106] for a discussion see https://www.tni.org/en/primer/coca-leaf-myths-and-reality#cocacultivation (accessed 06.11.2017)

tradition, culture, and potential risks for nature. A concept that is reiterated is the idea of alternative development, which has at its goal to find alternatives to the drug economy.[107] This aspect plays a role for drug production regions in Peru in particular and in other drug production regions in the world.

The reference to alternative development is not a new aspect, the UN General Assembly recognized in its twentieth special session on September 1998:

> *"a process to prevent and eliminate the illicit cultivation of plants containing narcotics and psychotropic substances through specifically designed rural development measures in the context of sustained national growth and sustainable development efforts in countries taking action against drugs, recognizing the particular socio-economic characteristics of the target communities and groups, within the framework of a comprehensive and permanent solution to the problem of illicit drugs."*[108]

During the discussions in the UNGASS in 1998, it was mentioned that eradication should be used only under certain circumstances. For example, when alternative crops are readily available for the region, or when the eradication does not jeopardize previous alternative development projects (Zevallos 2016: 71-73). From 1988, the development of alternatives was part of the agenda for the international anti-drug regime.[109] This, in essence, meant the search for alternatives to the illicit crops and a more flexible law enforcement strategy. This approach became increasingly significant in 1998, when alternative development became an essential pillar for drug policies. Alternative development was officially defined by the *Action Plan of International Cooperation on the Eradication of Illicit Drug Crops and on Alternative development* in 1998. The official statement also stated that it should not only focus on the illicit crops itself, but also promote conditions for sustainable development.[110] This action plan asked

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[107] On the UN Principles of Alternative Development: The concept of alternative development http://www.un.org/ga/search/view_doc.asp?symbol=A/C.3/68/L.9 (accessed 27.10.2017)

[108] https://www.unodc.org/unodc/en/alternative-development/overview.html (accessed 27.10.2017) *Alternative development continues to be recognized by Member States as a fundamental pillar of a comprehensive drug control strategy and plays an important role as a development oriented drug control approach" said Yury Fedotov, Executive Director of UNODC in 2014* https://www.unodc.org/unodc/en/alternative-development/index.html (accessed 27.10.2017)

[109] Following the definition in the UN-Resolution S-20/4 E Alternative Development is defined as *„a process to prevent and eliminate the illicit cultivation of plants containing narcotic drugs and psychotropic substances through specifically designed rural development measures in the context of sustained national economic growth and sustainable development efforts in countries taking action against drugs, recognizing the particular sociocultural characteristics of the target communities and groups, within the framework of a comprehensive and permanent solution to the problem of illicit drugs" (http://www.un.org/documents/ga/res/20sp/a20spr04.htm accessed on 07.11.2017).*
Another term related to this is Alternative Livelihoods. This concept changes the focus on the human development side instead of referring directly to drug trafficking and focusing on the illicit crop. The aim is to change human conditions and possibilities of economic development that allows people (farmers) to find alternatives to illicit drug trades. It includes not only economic aspects but also tackles aspects on "life conditions" such as health, infrastructure or education among others. While the name Alternative Livelihoods is mainly not been taken up by Andean countries, ideas coming from that concept have been implemented here as well. (WDR 2015: 80-81). Hence, parts of the Peruvian government programs can also be put under the alternative livelihoods approach but to avoid confusion the following will stick to the official concepts.

[110] On the evolution of alternative development and further information on Alternative Development see UNODC 2015 Annex I.

states to develop their own measures and an appropriate framework to implement alternative development in consistency with their national drug policies. In Peru, this proposal was progressively taken up from 2005, promoted by the UNODC. From 2007, the aspect of alternative development became part of Peruvain national Anti-Drug Policies (Ibd.: 64-67).[111] The UNGASS 2009 and 2016, reiterated the importance of alternative development and the need to take social factors into account (UN General Assembly 2016). Also the financial base of the local society and possibilities for economic development should be considered (Art. 7).

The Peruvian National Strategy for Fighting Drugs (ENLCD, Spanish acronym), is based on these international drug policy norms. Every five years, a new ENLCD is published and aims to reduce the production and trafficking of illicit drugs while promoting alternative development. DEVIDA is responsible for the implementation of this strategy. Its core pillars since 2007, are Alternative Development, Interdiction and Sanction, as well as Prevention and Rehabilitation of Drug Consumption. This thesis will focus on the empirical part and for the analysis, will rely on the first two pillars. Particular focus was on the reduction of coca plantations as a result of the eradication efforts, as well as on facets of alternative development. The focus of state policies has been on repressive measures and the measure of success is questionable (Zevallos 2016: 66). The ENLCD during the span of investigation for this thesis was from 2012 to 2016 (DEVIDA 2012). The strategy involves a large number of state institutions that are related to the strategic fields of alternative development, intervention and sanction, prevention and rehabilitation as well as the international commitment (see Annex).

The state strategy to tackle drug trafficking and drug production includes alternative development principles. In practice this strategy still has some shortcomings and it is a long-term endeavor, it produces less of a shock for the local population. However, in practice the focus largely remained on the forced eradication approach[112] The illegalization of drugs and coca on the international level precipitated the same a similar development at the state level.[113] The national perception on coca was

[111] A case frequently mentioned in this regard is the alternative development program of San Martin in the Alto Huallaga. Here, alternative products have been implemented to support the region, after coca was eradicated (van Dun et al. 2013). Success of these measures is not uncontested, since San Martin accounts for particularities, which cannot be found in other areas. One important aspect is local ownership and role of local authorities that have been supportive to the alternative development approach (A doctoral dissertation on this topic is due to be terminated, in 2018 by Frank Casas Sula at the PUCP in Lima). The German Development Cooperation has also become an important partner for Alternative Development in the Alto Huallaga Valley

[112] See for example the remarks of the DEVIDA Chief Executive on potential eradication efforts in the VRAEM for 2018 (El Comercio 2017). Similar remarks told me a DEVIDA official fort he VRAEM including his personal view that only with eradication something would change (Vradev).

[113] For an analysis on the legal development of drug legislation in Peru see Soberón 2011

now related to the production scheme of cocaine. It also indicated an approach of criminalization (Soberón 2011). It also influenced in part, coca growing, while alternatives could not compete with the comparative advantages of coca. Coca offers a secure income and can be harvested after the first six months. The available alternatives such as cacao and coffee need three to four years until they can finally be harvested. In addition, coca can be harvested up to five times a year, can be sold immediately and is often picked up directly at the field. Alternative crops on the other hand, can only be harvested once a year and need to be transported to the market, which involves a more concerted effort because of the infrastructural situation. Additionally, the agricultural soil is worn-out by years of coca planting and the use of chemical products that in turn affect the agricultural output of alternative crops. Apart from these issues, one of the major reasons for the low success rate of alternatives is certainly the economic outcome. Prices for coca on the illegal market are many times higher, as compared to prices offered for coca and alternative products on the legal market. Therefore, this has led to protests and movements against state policies.

Current anti-drug policies aim to reduce the expansion of illegal coca plantations. However, a reduction in hectares of coca cultivation does not necessarily imply a reduction in coca and cocaine. Methods for producing coca have developed, the production areas have diversified and techniques for producing cocaine have improved. Additionally, point out, the majority of funds are foreseen for the interdiction and the fight against terrorism and also the the cooperation among the high variety of state institutions is relatively weak (García and Stöckli 2014: 29; Leyva and Mendoza 2017).[114] Nevertheless, the most visible state institutions in the coca valley are often inexorably related to the drug policy of the state, while other state activities fall short. As this thesis will show, this is also related with respect to local social order.

In the regions that have low state involvement, non-state actors became an important factor in coca and cocaine production. The three non-state actors highlighted here; cocaleros, CADs and the guerrilla, emerged because of low state control and/ or low provision of services. In context of the coca economy, they took over important tasks within the local social order. The state on the other hand, was absent or only had a weak presence in the cocalero regions. State interest in the regions increased because of the conflict and because of the existence of the illicit economy.

[114] see Annex for an overview over the different state institutions involved in the anti-drug trafficking policies.

5.5 Concluding Bigger Picture – First Reflection

The aim of this section has been to set the scene for the following analysis in chapter six and seven. I have highlighted two key aspects that are crucial in the further understanding of the thesis. The first aspect relates to the connection of the Peruvian state with its marginal regions, while the second aspect deals with the importance and the evolution of the illicit drug economy.

The chapter gave insights into parts of the Peruvian state formation and established that Peru never had a cohesive control over its territories. Attempts to integrate the marginal regions came relatively late and the underlying motive the belated attempt of integration was the sought to profit economically from the region. These efforts were only partly successful. Furthermore, the agricultural reform destroyed former local order without supporting an alternative and without connecting the regions to the state. These marginal regions developed alternative structures basically without state interference or support. This was felt on the legal- and infrastructural- as well as the economic level. With the advent of the conflict against Sendero Luminoso, the state became more conscious of the marginal areas and encouraged the military to exercise control over the region. However, within and after the conflict, the level of control in these regions was only partial. Instead, local forces such as the CADs had formed. Moreover, even after the conflict, the state was not able (or willing) to integrate the regions.

This lack of integration included low infrastructural development, minimal economic opportunities and weak implementation of state laws. As such, the integration of most Amazonian and Andean regions into the state was limited, with the result that the state had only little influence on social order in these peripheral, disintegrated regions. At the same time, there was no dominant "strongman" in most of these regions (Migdal 2001), instead, more disperse alternative local structures evolved which were however, poorly integrated into the state. Hence, social forces evolved in these regions and that developed relationship to each other and later to the state based on a local order. This goes in line with previous literature on Latin America and Peru in particular, on the variations in state capacity and path dependency for low state capacity (Centeno 2002; Dargent 2012; Kurtz 2013; Soifer 2015; Kurtenbach 2015; Vergara 2016).

Limited state reach and the beginning of the internal conflict coincided with the growth of coca as a valuable (then illicit) commodity in the AHV at first, and subsequently in the VRAEM. After earlier limited attempts of integrating the periphery into state control, after a phase of centralization and after the conflict, the coca growing areas remained in the periphery. Drug production was already an important factor in the late 19th century, and had influenced the formation of local regions, particularly in the Alto Huallaga. However, from the late 1960s on, drug trafficking became even more important

for the economy, politics and infrastructure of the marginal regions. When drug production became illegal at the end of the 1960s, regions such as the Alto Huallaga continued producing coca and a (now) illicit drug economy evolved without much interference from state agents, in part state security agents were even involved in trafficking of drugs.

Unlike a boom in legal commodities, that under particular circumstances result result in potential for an enhancement in state capacity (Saylor 2014), the boom in the illegal commodities coca and cocaine, did not result in the same. On the contrary, drug trafficking is interpreted as a challenge to the state influence that demands a restrictive reaction (Dargent 2015: 14). Coca and cocaine facilitated the growth of non-state actors and structures alternative to the state. While it is not necessarily the case that drug trafficking challenges state structures, as I have discussed earlier, in the case of Peru, it was perceived as such. As a result, the state took restrictive measures to fight drug trafficking. What this chapter has shown in addition, is that the state has successfully taken up norms, defined illegal actions and designed mechanisms to implement these norms. The drug policies and norms are defined in accordance with international norms. Additionally, state investments for fighting drug trafficking increased. However, they lack implementation on the local level.[115] While the marginalized regions have developed in absence of the state or only with minor interference from the state, the following chapters will show how the illicit economy contributed to the development and the influence of local order in the regions and on the influence state intervention has on that in these regions.

[115] In a similar fashion, Dargant and colleagues (Dargant et al. 2017) have shown that the Peruvian state did increase its capacities in some areas during boom times. However, in others, its ability remains weak. Variations across space and time are relatively high, and the authors present a convincing argument that even if the state could increase capacity along various indicators (GDP, poverty, coverage of services, also coercive capacities), it does not necessarily lead to higher overall state presence, and can even lead to strengthen state challengers.

6. Alto Huallaga and Monzón

As the following chapter will show, the Alto Huallaga and Monzón is for many reasons a consequential choice for the analysis on the effect illicit economies have on social order in the margins of the state. The region has not only been without state control for a long time, but has historically also been the major producer for coca and PBC in Peru. Local rule was influenced and formed by different actors and circumstances and differed from state rule and the chapter will show that the illicit economy deeply affected local order.

By analyzing these aspects, the following will also contribute to narrowing a research gap for the region. Although the region was at the center of international drug production and trade, the social and political consequences have not been analyzed extensively. Academic studies rather emanate from an anthropological angle (Kernaghan 2009; van Dun 2009; 2013) and highlight the form of state intervention from a rural development perspective and by evaluating anti-drug policies (Cabieses 2010; Villarán 2012; Manrique-López 2015) Alto Huallaga is often defined by a view of danger, terrorism and violence by most of the academic research on this area, with some exceptions (e. g. van Dun 2009). The few studies realized on the regions after 2000 rather stressed on the potential dangers of the region even though most researchers did not go beyond the local hubs of Tingo Maria (Weinstein 2007) or nearby in Aucayacu (Kernaghan 2009) for their research. A notable exception is the study by van Dun (2009). Even less research was realized for the valley of Monzón although it has been the last major coca production area in the region and one of the biggest production regions nationally for several years and only a few have included internal social or political structures with regard to state intervention (Zevallos 2016; Casas 2017; Heuser 2017).[116] Monzón was for a long time a symbol of state "absence" and an illicit economy. Even today, the national media presents the AHV mainly as a former epicenter of drug trafficking, terrorism, and violence but often fails to highlight social changes or present a more nuanced view.

The aim of this chapter is twofold: Firstly, it will give an analysis on the influence of an illicit economy on local social order in the Alto Huallaga Valley (AHV), more precisely in Monzón. To this end, it is necessary to include the historical background and to give an overview on the evolution of the valley as a major provider of coca and PBC. While the main focus of my analysis will be on Monzón, I will also highlight the development within the AHV. This is important to understand the regional context, which

[116] A rather general study was realized by DEVIDA (2013) but given its institutional background, it had a rather subjective view on the successful state intervention and implementation of alternative development programs.

also had an impact on Monzón. Furthermore, I will present the socio-political consequences for the region as a whole, particularly the valley of Monzón. This analysis includes not only the economic development, but also closely relates it to the internal conflict. Secondly, I will analyze the impact of state intervention on local order, which had severe consequences for Monzón and for the local social order. We can divide social order into a time *before eradication and after eradication; t*hese two blocks allow us to analyze the importance of the illicit economy and describe changes closely. It will provide a deeper understanding on how power relations and social order changes once the illicit economy is destroyed.

The basis for this analysis is secondary literature as well as interviews and participant observation gathered during my field work in Monzón, Subte de San Jorge and Huipoca. The main focus will be on developments in Monzón, and includes data gathered in Subte de San Jorge and Huipoca as a means of comparison and control of results. For the historical analysis, I include regional development since we cannot understand the local history of Monzón without including historical patterns of the region. It should be highlighted that the information gathered in the field are based on interviews, questionnaires, and observations. As will be explained later, the initial eradication and stronger presence of the state resulted in an emigration out of the valley. Those who left the valley were in all likelihood closely connected to the illicit economy and/or the coca economy, and did not trust the state or alternative development initiatives. In other words, those supporting coca and those who might have had a positive view on the social order might not be present anymore. This might lead to an unequal distribution of those supporting and those objecting the coca economy, which might be different to the time before state intervention. These structural differences will be taken into account in analyzing the historical context and when analyzing statements by local inhabitants.

6.2 Socioeconomic Indicators

The district of Monzón in the province of Humalies forms part of the department Huánuco in the *Selva Central,* and is in many ways an underdeveloped district in Peru. Until recently, access by road was difficult, and electricity or water supply is underdeveloped compared to the national standard. According to the national statistics agency, INEI, the poverty level before eradication was at 62,8% while extreme poverty accounted for 17,4% (39,3% and 13,7% respectively on the national level).[117] Even more striking is the rate of households without access to telecommunication services which was

[117] The entire department of Huánuco had very high levels of poverty: 64,9% and was lacking infrastructural investments

at a staggering 95%, while countrywide the level was at 47% (INEI 2007).[118] Results for Monzón were on a similarly low level, the most recent data can be found for the department level by PNUD (2013) (see table 2). As the data shows, the department of Humalies stays in part well below the national average: the areas of education, health or sanitation the department. Consequentially, also the indicator of State Density[119] is low, which gives an indication of state presence and service provision in the area.

Table 7 Density of State Humalies

		Peru	Huánuco	Huamalies	Leoncio Prado
Population 2012	inhabitants	30.135.875	840.984	73.621	129.953
	ranking	-	13	81	46
Index of State Density	IDE	0,7666	0,6222	0,5598	0,6803
	ranking	-	21	165	68
Medicals for every 10,000 inhabitants	Ratio	22,7319	15,8583	11,3609	18,5407
	ranking	-	11	80	28
Assistance to secondary school (12 to 16 years)	%	84,9884	78,2961	75,2894	91,4246
	ranking	-	22	138	33
Houses with access to water and sewage systems	%	76,0128	48,7970	41,5260	51,5353
	ranking	-	22	143	111
Houses with access to electricity	%	86,1116	61,2319	49,1445	70,8055
	Ranking	-	25	175	110

Source: PNUD 2013

The peripheral Monzón district is a two-hour car drive over a gravel road from the regional hub Tingo Maria. The population survived mainly on the production of coca and PBC (cocaine basis paste – Spanish acronym), while there was no evidence of basic services provided by the state. The dynamics are similar to those in the rest of the Alto Huallaga Valley (AHV). Until 2012, Monzón was essentially the last major production area of coca and PBC, while in the rest of the AHV coca was already

[118] By time of research, newer data was only available as estimations. Therefore, I am refering on the district level on census data from 2007, which allows to classifiy and compare data towards the national level. Other data is for example available for the department level, Huanuco. Here, even today, only 8,5% of households in Huánuco have access to the internet, far less than the 23,5% on the national level (INEI 2014). Only 10% had access to electricity and 22% to a sewage system. For three decades, the coca economy was by far the most important economic income in the area.

[119] This index is measured by UNDP, serves as an indicator for an overview on state presence and service provision in the region. It is a measure that indicates the provision of education, health, electrification, accessibility to drinking water, a drainage system, and personal inclusion in the state with passports.

eradicated. Surrounded by steep hills and only accessible by one road, the valley was like a natural fortress, eagerly guarded by the people of Monzón. A social worker who entered the area in 2009 said: "*There was no access to the mobile phone network, nothing (…). People were completely isolated*" (Monongm1). The following chapter will highlight the historical development of this region.

6.3 Local Historical Development

6.3.1 "Evolution" of the Region

Given the lack of relevant studies on the history of Monzón, the analysis will combine the information on regional development with qualitative interviews of early settlers in Monzón. Main focus will be on the time after 1960, since it marks the beginning of a national colonization strategy that coincided with the first coca boom.

The AHV can be labeled a frontier region (Kernaghan 2009); just behind the steep Andes, the region was the border for the administrative outreach of the government in Lima with the Amazon. Apart from some isolated smaller settlements, the state was more like a vague idea that lacked real control and was difficult to access. The AHV was mainly accessible by boat and via jungle paths until 1937, when a one-lane highway reached what was to become the settlement of Tingo Maria. Settlers came mostly from the highlands and brought along their traditions which included coca leaf chewing (Gonzales 1994). The area was populated slowly yet steadily from the beginning of the 1930s because of agricultural benefits and also because of possibilities for producing PBC. The region became the first center for the production of PBC and by then it developed a small industry for the same (Gootenberg 2008). For many, this expansion sounded like the promise for a better, self-determined life and thousands of poor city dwellers and highland peasants followed this favorable opportunity (Dreyfus 1999: 374). State programs facilitated this colonization into the Amazonian regions in order to profit from local resources and incorporate them into the national economy. Improvements in infrastructural improvements helped to facilitate this process. The *Carretera Marginal* of Belaúndes highway and colonization programs intended to promote colonization in marginal areas. The *Carretera Central* reached Tingo Maria in 1937 and in what followed, Tingo Maria became the gateway city to the Alto Huallaga and a starting point for pioneers to the Amazon (van Dun 2009: 67). Until the construction of the street connection Tingo Maria-Aguaytia-Pucallpa in 1943, the main course of transportation was via rivers. State programs were not as successful as they were projected to be, and only one out of five migrants preferred to move to the Selva; the majority chose coastal areas or other cities in the sierra (CVR Tomo IV: 311). Increasing migration to the outskirts of the country and the constant flow of new people came especially through the 1960s and 1970s supported by state programs, infrastructure improvements and for the region in focus, primarily due to the economic opportunities offered by

coca. In 1940, 11,623 people inhabited the Alto Huallaga; in 1981, population was at 134,000 and in 1988, the Alto Huallaga accounted for 200,000 inhabitants (CVR 2003 Tomo IV: 383).

The valley of Monzón in Humalies is an example of development, as part of the Alto Huallaga celebrates its 160th birthday in 2017.[120] Founded in 1857, the natural wealth and rich soil had already made Monzón attractive to the Spanish. So, it was not an "undiscovered" area when early settlers came from the sierra mainly planting Cautchuk from the Chinigua and also sugar cane, coffee, and coca. However, it was detached from the Peruvian state because of the lack of institutions and infrastructural inclusion. As early settlers remember, the main product was sugar cane, under the influence of the hacienda system:

> "*Here was planted only sugar cane, all those hills were full of sugar cane, the owner was a Chilean called Loli, he owned all those hills*" (Monjurm1).

Within Monzon, the first houses and a small path already existed by the beginning of the 20th century. But until the 1950s, there was no road access to Tingo Maria and agricultural goods had to be transported via pack animals through the *sierra* to Llata or Huacha, a market town where peasants of Monzón exchanged their products such as rubber, coca, sugar cane, and *Aguardiente* and bought salt, cheese, and meat, for example in Ancash (Moncamcm). By that time, coca served among others, as an exchange good:

> "*[People of Monzón] already had coca from before for the exchange, for the chaccheo, they changed jamon, potatoes, the commercial exchange with the town of Áncash, the "conchucanos" came with their 15 mules, and they exchanged ham for an arroba [around 12kg] of coca*." (Moncamcm)

Hence, agricultural possibilities motivated people to move into this relatively marginal area of Peru. The opening and development of streets and particularly the development of the coca economy increasingly led to a population growth and growing immigration. In a majority, peasants populated different districts in relatively small groups. For example, Espinoza (2005: 294) holds that Monzón had less than 5,614 inhabitants by that time.

To promote colonization, the Belaúnde government, identified 456,800ha in the Valley of Huallaga among others in the provinces of Leoncio Prado or Tocache. 3,794 peasants received 122,685ha but most of them had already resided in the zones of Tingo Maria, Tocache or Campanilla before the state project started (CVR 2003 Tomo IV: 382; see also Fundacion para el Desarrollo Nacional 1981). The colonization project was not entirely successful among others because of missing or only slowly implemented infrastructure projects, lack of planning, and the attempt to implement agricultural

[120] There is no complete history of the region and thus the following is based on the review of documents and secondary literature as well as interviews in the region.

production in areas that mainly lived from forestation in earlier times. Consequently, the regional markets were not prepared to absorb the products coming from the settlements (CVR 2003: 382). Land issues arose; people occupied land but only few had official papers and there was no system to control or regulate them in the region. Struggles and vendettas were some of the consequences. Other issues included social consequences such as heavy drinking, prostitution, or criminality. Most men left their families behind in the hope to find economic opportunities in these peripheral areas. Instead, they often encountered daily struggle, uncertainties and violence (Van Dun 2009: 69; Morales 1996: 164).

Due to international changes, the production of sugar and *aguardiente* became uneconomical till finally the production of sugar cane vanished from the valley. In this situation with no established social bonds, no regulatory or norm system, and limited income possibilities, one crop became the promise for an economic opportunity: coca. Furthermore, "hacendados" at this time started growing coca when it became the most valuable crop in this area.[121] Although difficult to access, the region would become increasingly important and a center for the drug trade which became a major attraction for internal migration. The coca boom caused increasing migration into these areas at the margins of the state, that had a lack of institutions and where rules had to be implemented or even created (Dreyfus 1999: 376; also van Dun 2009). The region surrounding the small town of Tingo Maria was already an important gateway to access the Amazon area even before the start of the cocaine boom, in the beginning in the late 1970s. But the coca and income from the illicit economy would transform the region and would bring in severe changes (for a detailed overview: Morales 1989).

Four periods are particularly important in the historical development and the basis for social order in the Alto Huallaga and Monzón: The first period started with the coca boom in the 1960s that resulted in a population growth and increasing economic opportunities. The arrival of the guerrilla by the beginning of the 1980s marks the commencement of the second period. Sendero Luminoso increasingly gained power and influence on local order. As in other parts of the region, the guerrilla was first welcomed as a shield against the threat of eradication, but this quickly changed in light of the brutal rule of the guerrilla. It is not entirely certain when the guerrilla withdrew from the valley of Monzón, since there are recurring reports on the remnants of the guerrilla by that time. But many inhabitants indicate it was by the mid-1990s and most perceive the withdrawal of Sendero Luminoso as a salvation. Moreover, the restrictive measures of the Fujimori regime are perceived as a support in this regard. At the same time, drug trafficking and coca production came into a crisis during the mid to the late 1990s. The third period was shaped by the rule of cocaleros. It was the time when the people of Monzón stood united against a (perceived) common threat: the eradication of coca by the state.

[121] For example an interviewee mentions "the Radas, the Ramírez, the Rabelos" (Monjourm).

During this period, essentially no state agent or outsider could enter the valley without the permission of the cocalero leaders. This period continued until the eradication campaign started by the state in 2012, which marks the beginning of the last period so far: Monzón under state control. The analysis will depart from the previous historical analysis, evaluate how coca and the drug economy became the decisive factor in the region, and finally show that eradication not only destroyed the local economy but had a key role in affecting local social order.

6.3.2 The Illicit Economy "back in the days"

The AHV was central for the cocaine industry, not only in Peru but internationally too. Following Paul Gootenberg it is the oldest cocaine producing region in the world. By the 1880s, laboratories were already producing PBC which supported regional development in the area of the then small settlement Tingo María (Gootenberg 2008: 47-54).[122] Back then, production was supported by state credits and peasants sold their crops through the state installed *estancos* (van Dun 2009: 70). In the 1940s and 1950s, immigrant families, especially from Japan moved to the "*ceja de selva*" to produce coca and PBC. Many migrants also arrived from the Sierra of Huánuco and Ancash as well as the *selva* of San Martín or Loreto to participate in the coca business and the legal PBC production (CVR 2003 Tomo IV: 310-312).[123] In Monzón, an inhabitant describes the transformation of legal PBC production to illegal production and mentions, that there has been in fact a state owned factory producing PBC:

> "*Yes, the drug factory was for the Peruvian State, but for licit things it would be, not for illicit things. They made a factory, (...) a single one. They brought chemicals so that they could make the drug and from there they took basic cocaine paste, from there they took it out but I suppose that for was legal things and not for illegal things."* (Monjourm1).

Though the production initially was legal, due to increasingly restricted legislation by the end of the 1940s, the business became illegal. Reports present that illicit coca smuggling groups called *pichicateros* transporting raw cocaine to the sierra and costa regions, evolved around that time (van Dun 2009: 70). The increasingly restrictive policies against PBC could not prevent the production capacity from increasing rapidly in the following decades.[124]

> *A contemporary witness describes how people accustomed themselves to the situation: As he describes further, people from Ancash initiated the process for the now illegal PBC production: "Then from 1966 the State says they are doing something illegal and that the factory has to be closed in 1966. […] then they fired the employees who were from Áncash, all the employees were ancashinos. When they were dismissed they went to their places of origin. And people could no longer sell their coca, because the factory had closed. [...]*

[122] Mainly with the effort of German firms that make it a global drug.

[123] In the 1940s, immigrant families of Japanese descent were one of the first to produce PBC legally in the "valle of Pampayacu" with the aim for exportation (CVR 2003 Tomo IV: 312).

[124] During field research, some people mentioned to me that the state helped build a PBC production facility in the 1960s in Castilla Ramon, Monzón Pistaloli (Moncamcm; Monjourm; Tijourm). Even if the state's involvement in setting up this facility could not be confirmed during field research, the several statements in Monzón describe the PBC production site.

They said that since there is no one to buy the coca and as people were used to selling their coca in the factory. That was when the man [of Ancash] thought of bringing one of the workers to teach him how to make the drug. Then his friend came, and in his house they made a small factory to make drugs. (...) Those former workers knew how to make the drug, because people did not know how to make the chemicals before, that's why these workers taught the people how to make the drug for a month, then the assistant looked, and then he was doing his own "poza", the other assistant also went and did the same and so on. That is how it has multiplied throughout the valley. This is how the black market starts here in Monzón." (Monjourm)

Coca plantation increased progressively from 1945 in the department of Huánuco; in San Martin from 1960s, and in Ucayali from 1970. In these areas, coca production increased from 600ha in 1950 to 100,000ha in 1995. In the department of Huánuco, cultivation multiplied tenfold from 1972 (2,460has) to 1985 (28,800has) (CVR 2003 Tomo IV: 312). Coca plantation increased albeit in the presence of increasing state measures. This increase in production can be mainly explained by the international demand for cocaine and smuggling to the USA as the main drug market (see chapter 5 "Bigger Picture"). Another accelerating factor for the growth of drug production in the region was the failure of the agricultural reform by Alvarado, dismantling the hacienda system. The "cooperativas" were unprepared to manage production and commercialization. Additionally, a disease affected coffee plantations and destroyed big parts of the production. Coca on the other hand was more resistant. In 1981, Monzón produced 10,725 ha of coca while production remained high during conflict as well: in 1993, the valley of Monzón produced 11,425 ha (CVR 2003 Tomo IV: 355). The AHV became the most important place for coca production and in 1995, 55% of all nationally produced coca (150,000 – 200,000ha) came from this valley. It was at the forefront of a boom and became the main production site for raw cocaine in the world (CVR 2003: 312; Gootenberg 2008).

The evolution of the coca and PBC economy in the region coincided with the emergence of Colombian cartels during the late 70s. These cartels revolutionized the drug trade in Latin America and the AHV profited from the increasing commercialization of illegal cocaine. In the AHV, Colombians played a crucial role in the development of the illicit trafficking chain. It was a value chain that began in the Andes and ended in the clubs of Miami and New York. International traffickers became frequent visitors in the production areas, organizing the trade and buying PBC from middle men. Colombian traffickers are frequently mentioned to having strong business ties to the valley.[125] Although international traffickers had huge economic influence in bringing money into the valley, their political influence seemed to be restricted.

"No, they didn't not have much influence. They had no influence. The authorities were always present, only in a period was the presence of the state the police presence so that of

[125] Several rumours that Pablo Escobar himself came to buy the basic paste are still shared today in the valley. Even if this seems rather unlikely and "Colombian" might also be used as a synonym for international traffickers, the anecdote shows the auto-perception for being an important part of the international drug trade.

> order was lacking. There was a time of terrorism, then here was violence. Sure they had no power but there was anonymous, secret violence. "(Monmunregm)

The political power of international traffickers was restricted; nevertheless, they influenced local social order by introducing, for example, *sicarios*, hired killers, who would kill those not conforming to the business modalities (Interviews Monm1; van Dun 2009).

Bigger international trafficking groups relied on connections to local groups or "firmas" for the organization of local drug production. On the micro-level, the local organization, there were several players involved, connected through a dense trade- and social network.[126] The trade was organized in different layers. Smuggling and production of drugs was organized by small "firmas". Within those firmas there were different levels, ranging from the patrons (local bosses) to traquetos (traffickers of larger quantities), to *mochilleros* or *burros* (van Dun 2009). These different firmas did not necessarily have a connection to each other and were relatively mild in the use of violence (Ibd.: 8-10)

One of these bigger local narcos in the region and probably the most renowned of them was Demitrio Chavez Penaherrera - *El Vaticano*[127]. El Vaticano is considered to be one of the primary drug traffickers of Peru in the 80s and the beginning of the 90s. Although exceptional in the scope of his success in the drug economy, one can still read a lot from his story about the involvement in drug trafficking; the network surrounding local drug trafficking including the involvement of high ranking state officials and the military in times of internal conflict. He became a synonym for the successful drug trafficker, with links to the highest political ranks and earned the admiration of large parts of the population. El Vaticano was captured in 1994 in Cali and sentenced to 22 years of jail for drug trafficking, falsification of documents, and "*daños contra la fe pública*".[128] According to press reports, El Vaticano held connections in Colombia to the Norte del Valle Cartel, the Rodriguez Orejuela brothers, and to Pablo Escobar (Semana 2000, El Tiempo 2007). An interesting anecdote about *El Vaticano* is his claims about his involvement in the business being purely circumstantial. In an interview with the newspaper La Republica, he mentions that he was a street vendor and was paid with drugs and came to realize that he could make much more money by selling drugs:

> "How did you become involved in drug trafficking?"
> "I became a drug trafficker due to the circumstances. I was a traveling salesman of the Galaxy brand, and traveled the country selling equipment to customers who paid in parts. I happened

[126] See also Kernaghan 2009 for the the description of coca and cocaine businesses in a region nearby Monzón. Another ethnographic analysis for the organization of the economy and moreover on the governing structures in regions of the Alto Huallaga with a dominant illicit economy see van Dun (2014).

[127] Other bigger local narcos include "El Vampiro", "El Tigre", "Machi", "el Ministro" (IDL-R 2012)

[128] Today, traffickers transporting more than 20kg of PBC already risk serving 15 years in prison without the possibility of pardon.

> to make a good sale, but at the moment when they were supposed to paying me they did not do it with money but with drugs instead. I was surprised, and at first did not know what to do with it, but I had to turn that product into money and so I looked for someone to sell it to. It was easy and I made a lot more money than I received when selling the Galaxy equipment. From there on I looked for a way to get into the business." *(LaRepublica 2016)*

Whether his remarks are completely true or not, by the time of Vaticanos first involvement in drugs, many seized the opportunity for earning money. These opportunities were taken up by actors as well.

The rising external demand for cocaine, the resulting production of coca from the end of the 1970s until the late 1980s, and the constant inflow of money, created an *El Dorado,* while the rest of the country was ever more affected by economic crisis (de Soto 1986; Contreras and Cueto 2007; Gonzales 2016). The majority of coca production was in the region of Huánuco and San Martin.

> "*In the 1980s the valley´s name, but also those of Tocache and Uchiza, came to be intimately associated with the dark prosperity of the cocaine boom and with the reckless abandon of lifeways rumored to accompany it. For a new chance at life, for "easy money," for good times, the Huallaga became the place to go."* (Kernaghan 2009: 11).

Even if there is no local trafficker from the size of *El Vaticano* known in Monzón, several local traffickers have been active in the region and drug trafficking had similar impact on Monzón as on other sectors in the region. Even forced eradication could not change the situation for a long time even though these actions had severe consequences, as the following will show.

6.3.3 The State´s Reaction[129] and Conflict

In the 1970s, the state had already begun to launch campaigns to eradicate coca, following the agreements being made internationally in the UN single convention on drugs of 1961. Several attempts of eradication were promoted in the valley. This was also encouraged by international pressure, mainly from the United States. As the drug flow into the United States was on the rise, so was the pressure on the Peruvian state. During the Morales Bermúdez regime, attempts of auto-eradication were unsuccessful in convincing peasants to voluntarily swap their coca plants for legal crop. Thus in 1978, the Decree Law 22095 was created which included the creation of a number of institutions: a specialized police force, the *Unidad Móvil de Patrullaje Rural* (UMOPAR) to fight drug trafficking, a program for eradication and substitution of coca in the Alto Huallaga *Control y Reducción del Cultivo de la Coca en el Alto Huallaga* (CORAH) and also the creation of ENACO. The latter became the entity for buying coca legally.[130] But the Bermudez government did not stop here; instead it launched a first

[129] For a closer look into the states policy towards the Alto Huallaga Valley until the 1990s, see Cotler (1999)

[130] And replaced the former *estancos*

eradication campaign in 1979 called "Verde Mar I". Reports of confiscation, imprisonment, destruction of coca plants, and violation of human rights overshadowed this campaign (CVR 2003 Tomo IV: 336). In 1980, during the second eradication campaign – "Verde Mar II" –state forces detained peasants on charges of drug trafficking – as the only option to avoid judicial charges, they were forced to plant alternative legal crops. These actions were supported and promoted by the US agency for development cooperation (USAID) (Cotler 1999: 145). The police confiscated goods, destroyed livestock, and affected mainly *campesinos*. Drug traffickers remained largely unaffected by these measures, even when it came to violent clashes between the *firmas* and state authorities. The firmas were essential for the economy in the region and were also closely linked to the PCP-SL and the military (van Dun 2009: 72; CVR 2003 Tomo V: 745-767).

In addition to these punitive methods, the second Bermúdez administration (1980-1985) prohibited ENACO´s legal activities in the Alto Huallaga (Decree "ley 22927"), which had a major impact on illegal coca cultivation. Instead of decreasing illegally produced coca, it actually increased it (van Dun 2009: 72). Since there was no legal entity to sell their coca leaves to, the campesinos sold to the ones who were able and willing to buy it– the drug producers and drug traffickers. Consequentially, the black market was growing and not shrinking as it was envisaged by the Belaúnde government. It was only after protest by campesinos that ENACO was able to buy coca again. Even when the ENACOS activity was legalized again in 1982, the situation did not change, also because no new registrations of coca plantations were allowed. Consequentially, the majority of coca farmers still produced coca illegally. Coca production shifted to other areas and was protected by guerrilla groups.

Additional approaches included the promotion of alternative development programs since the 1980s, with support from the USA, included financial funding and training (Morales 1989: 156). They experimented with maize, coffee, rice, citrus fruits, and other grains, but neither of them was as profitable as coca. Also, these other crops were more difficult to plant and required different skills to be acquired by the peasants. There was also no access to a potential market. These approaches proved to be widely unsuccessful and could not reduce illegal coca production. The programs eradicated 9,783 hectares of coca between 1983 and 1990, but rather than being successful against drug trafficking they alienated the population further from the state (Cotler 1999: 145). The repressive methods against the population led to several complaints and cocaleros protests, which resulted in violent confrontations in1982 (Ibd.: 148).[131] The eradication and aggressive actions by the state led people to search for possibilities for defending their coca plantations; a cause that found support in the guerrilla.

[131] For more information on the militarization of the AHV especially in the aftermath of Fujimori see Rojas (2005)

6.3.4 Sendero, Coca and the Conflict

The drug trade and the repressive reaction of the state are important in understanding why the region became involved in Peruvian internal conflict. Sendero Luminoso[132] began their campaigns in the area by the beginning of the 1980s. As the CVR reports, after the eradication campaigns Verde Mar I and II, cocaleros looked for support by the PCP-SL in Ayacucho. The growing pressure by the state on the guerrilla in the region of Ayacucho from the beginning of the 1980s, influenced the decision of Sendero Luminoso to become active in other areas (CVR 2003; Gorriti 2013) Sendero Luminoso extended its presence to the valley while the coca and cocaine economy financed its fight against the Peruvian state (Felbab-Brown 2010: 44-50). Although the guerrilla was first critical of the growing of coca and the production of drugs, they soon realized that it could be a useful tool for winning the support of the population. The local population relied heavily on the coca and cocaine industry but came under growing stress from state actions. Pressured by the United States, the Bermúdez administration launched eradication campaigns and the departments of Huánuco, San Martin, and Loreto came under a state of emergency. The guerrilla offered protection against the threat of eradication. They also acted as regulators for the local drug industry by acting as middle men between drug traffickers and producers, and also by reducing violence (Durand: 2014: 56).

In the early 1980s, the guerrilla had already entered the Alto Huallaga Valley, most likely in the area of Aucayacu, which had influence on the local order. The CVR describes: "*Los pobladores de Aucayacu, como también autoridades municipales de ese entonces, mencionan la huelga de cocaleros en 1981 como el acontecimiento que contó con presencia oculta de cuadros senderistas por primera vez."* (CVR 2003: 746). Thus, the expansion of the guerrilla was partly made possible because of the earlier eradication campaigns by the state. This gave the guerrilla the chance to act as supporters and protectors of the coca industry and present themselves as an ally of the peasant population.

The first armed attack by the Sendero Luminoso was on the Policia Forestal Paucayacu in 1982. The expansion seemed to go from south to north and included the reorganization of local order (Bezán 2013). The first group of Sendero Luminoso entered with 60 men in 1981 into the valley of Monzón (Paucar 2006: 55). The guerrilla supported the cocaleros by offering security against state eradication, organized armed resistance, and violent attacks. These attacks included the assassination of 19 workers of the eradication agency CORAH, on the 17th of November 1984 in Cornivilla, Monzón (CVR 2003 Tomo IV: 341). Thus, the eradication efforts by the state in fact had the unintended consequence of supporting the guerrilla. At the same time, Sendero Luminoso used this support to widen its control

[132] As Sendero Luminoso became the dominant guerrilla force in the region and had a more important relation to the coca economy, the following analysis will focus on Sendero Luminoso and does not involve MRTA.

over the territory and for "establishing" their rule in the region (Gonzales 1994; CVR Tomo IV 2003; Paucar 2006; Felbab-Brown 2010; Gorriti 2013).

By defending and taxing coca and drug production, Sendero Luminoso, under the command of *comrate Artemio*, created a balance within the drug trade in Alto Huallaga (IDL-Reporteros 2012a). Earnings from the illicit economies were a major reason to uphold the strong faction of the Sendero Luminoso until the capture of comrade Artemio in 2012 (e. g. Gorriti 2013; Zevallos 2016). Kernaghan describes this as follows:

> *"Shining path offered the farmers protection from police raid and government efforts to eradicate coca, as well as from the economic exploitation of the town-based cocaine firmas (firms) In exchange, farmers had to submit to the dictates of Sendero´s Maoist state project and ongoing armed struggle (…) the Party established rules of play for the drug trade: setting pricing standards arbitrating disputes, and charging taxes for its services. In this way, Sendero generated an alternate form of legality around the market of raw cocaine* (Kernaghan 2009: 13).

The presence of the guerrilla secured the illicit economy at the beginning. In the 1980s, the guerrilla controlled the town of Uchiza, which by that time was known as the center of drug trafficking in Peru.

The involvement of the guerrilla movement in the drug trade brought several changes. At one point, the guerrilla controlled 120 landing strips in the region, and charged Colombian traffickers between 3,000 and 15,000 USD per flight (Durand 2014: 56). By imposing a five percent tax on the PBC, Sendero Luminoso was able to make 30 Million USD per year (Felbab-Brown 2005). This financial bolster allowed them to finance and expand their operations, including the purchase of *new and better weaponry.* The economic possibilities of the drug trade were one reason for the better equipment of the guerrilla. The cooperation with local firmas resulted in other benefits such as the acquisition of weapons from Colombia, reported for the area of Tocache where Senderos changed their weaponry in 1987/88. While they mostly used revolvers in earlier times, after 1987 they were equipped with automatic rifles, grenades, and rocket launchers: AKM, FAL or RPG (CVR 2003 Tomo V: 751). The proliferation of weapons in the Sendero Luminoso, is also highlighted by the history of David Bazán Arévalo, mayor of Tocache. He was captured in July 2017 for allegedly colluding with Sendero Luminoso (Ojo Publico 2017).

In an interview with investigative reporters, collective IDL-Reporteros Shining Path leader in the Alto Huallaga, Artemio, said that the guerrilla supported peasants and that they acted in consent:

> **"**How is that situation in which it was said that the Communist Party put the scales to regulate the purchase of intermediaries of large firms?
> Artemio: No, look, it was a demand from the coca farmers, who, as you know, at that time there was no cocalero organization. There was no one who supported their demands and complaints against the abuse and exploitation of drug traffickers against coca farmers. So,

> they asked for it to be united, for them to control a scale, the peasants themselves, to unite a single price (...)***."*** *(IDL-R 2012, own translation)*

According to some statements from the traffickers of that time such as Vaticano and Feliciano, the Alto Huallaga front of Sendero Luminoso actively controlled the drug business in the area, and received money from the local *firmas as well as from different trafficking sources and different regions, for example, from the valley of Monzón (LaRepublica 2011).* Artemio has always negated accusations of being directly involved in drug trafficking. But even if the guerrilla was not the major driver behind the drug trade, it surely supported it by defending it against state interdictions. Furthermore, the guerrilla involvement led to an ordering of the drug trafficking structure. It was not just coca farmers, but also *narcos* who had to pay the guerrilla ("*cupos*") in order to make business. By this, the financing of the guerrilla by the illicit economy had consequences: In the AHV, the illicit economy was fought by government forces – which resulted in an illicit economy in the shadows. Local order was dependent on both cocaleros and the guerrilla.

Instead of being directly involved in the trade, the guerrilla saw themselves as providers of order, which included the dispensing of justice and the appointment of local authorities (IDL-Reporteros 2012b; Meza Bazán 2013: 129-150). In this sense, the guerrilla policies are similar to the way the FARC operated in Colombia (Youngers and Rosin 2004; Felbab-Brown 2005; Ávila 2009).[133] This resulted at first in closer connections between the Senderos and the local farmers. But due to its brutal rule this relationship changed.

The rule of the guerrilla was ambivalent; initially they became providers of social services, education, and health services while at the same time the Senderos acted with brutal force in case of resistance or non-compliance to their rules or norm structure. Part of their rule was the castigation of homosexuals, drug addicts, robbery, and infidelity in marriage (Meza Bazán 2013: 129-190; also Felbab-Brown 2010: 46-51). Castigation was brutal and harsh particularly during the 1980s, and today many refer to the times of Sendero domination in the region, with horror *(Monm1; Monlocp1; Monjourm; Kernaghan 2009.).* This included the assassination of those opposing or non-conforming to the guerrilla rule. The guerrilla rule is still present in the "collective memory" (German: *Kollektives Bewusstsein*) including memories of killings or public corporal punishment. PCP-SL imposed brutal rule on the area, in which instances of non-compliance was punished severely (McClintock 1998; Gorriti 2013; Meza Bazán 2013). Violent incidences and juicios populares that ended with the deaths of several people still linger in the communal memory: "*Si no les hiciste caso te llevaban al río"* (literally: "*they took you to the river" – they [the guerrilla] killed you and threw your corpus in the river if you did*

[133] Felbab-Brown (2005) provides a comparison between Colombia and Peru.

not follow their rules"). The CVR reports 198 deaths or missing persons for Huánuco and 44 deaths or missing persons for Humalies between 1980 and 2000 (2003 Tomo IV: 328). A school teacher remembers an incident with Sendero Luminoso:

> *"That of the guerrilla if it was a true delay for Monzón. Many years we have been completely in trouble when terrorism existed. In those days I lived here in the Monzón. Even at night you were taken out at 7pm from your house and you were standing all night in the Plaza de Arma. I was a school director at that time. One day when I came with my students from Tingo María they wanted to take my students away because they said they are not students but they are soldiers and that is why they wanted to kill them "(Moneduf1)*

Most interview partners refer to an incident in the village *Bella* and other villages in 1993, when Sendero Luminoso killed 24 people with machetes, knives and axes, the cruelest incident in the valley of Monzón (see also CVR Tomo IV 2003: 356).

> *"At that time, although people had money they were afraid at the time. They did not want to live like this. At 10pm, 11pm the guerrilla came knocking on the door and you had to go to the meeting, whether you wanted or not." (Monresm1)*

In Monzón, interviewees told me that the presence of the guerrilla in the valley was not constant, but that they appointed authorities who were loyal to them, not necessarily out of shared principles, but rather out of fear (Monm1; Monegobm). The group targeted local leaders, policemen, and common people while the police or military could not provide sufficient protection. As the people of Monzón recall, on the first day the columna of the guerrilla held a reunion and executed six people after a *"juicio popular"* (which they apparently had brought with them from the highlands). The guerrilla raided the Banco de la Nación and made it clear that the population should follow the guerrilla rules; they also almost killed the local authorities, but were prevented by the local population. Sendero Luminoso did not have constant posts in the area, but came back regularly in a few weeks and held "juicios populares".[134] Although the guerrilla did not install a constant post in the valley, they left the population with a feeling of horror and were determined to show who the authority was. Among the rules was also the necessity to make contributions to the guerrilla:

> *"For example the mayor was subject to the drug traffickers or the guerrillas, so he had to obey to give something in exchange for not being killed, not to disappear, not to attempt against them, more than anything they asked for a quota those who had little chance, for example to a salesman, you are carrying so much, bring your truck you are going to collaborate with the party, and 5 sacks of rice were dropped, 5 sacks of sugar so the guerrillas asked them and if you did not do that It was likely to kill you, or there was the possibility that you could no longer work. Then you for the need to work and quietly you had to collaborate "(Monresm1)*

[134] These public trials also served sometimes as a tool to solve personal vendettas. On justice by PCP-SL see Meza (2013); Gorriti (2013); CVR (2003)

From 1984 until 1993, the guerrilla followed a strategy of terror, installed local informants, and controlled the areas without holding a permanent post. With this strategy of "a thousand eyes and ears", they sowed distrust among the population, as nobody could be certain if their neighbor was an informant.

A representative of Sendero Luminoso in Monzon, Juan Lugana Domingues "camerada Piero", was captured in 2008. Still, until the capture of Artemio in 2012, the Guerrilla visited the valley several times and held influence mainly to collect "cupos" for drug trafficking (Monexgobm). Until the capture of Artemio in 2012, Sendero Luminoso remained an important factor for securing the drug trade in the area. But in Monzón, their influence had already decreased.

> *"In the Monzón it was another reality, here practically since the years, 2000. 2001, 2003, 2004 they wanted to infiltrate but we have confronted this. The population found an answer against this. "(Mongobcm).*

6.3.5 State Security Forces, Local Order and Drug Trafficking

During the first coca boom, state presence was very low in the main producing areas. The state could not hold many outposts against the influence of the guerrilla. It needed to withdraw and was only able to hold some centers in the AHV, such as Tingo Maria. While nearby villages had been under the influence of the guerrilla, Tingo Maria stayed under state control and some analysts called it the "*last secure outpost of the state´s political, legal, and military authority*" (Kernaghan 2009: 13). In Monzón, the police withdrew and left the valley shortly before a Sendero Luminoso group reached the city in 1986.[135] People still remember this as a case of the police leaving them alone. In fact, after the police left, there was no state authority providing security in the district of Monzón. Only a few days later, the Sendero Luminoso arrived in Monzón.

> *"Previously the police had a bad reputation. When Sendero entered [the valley] the police escaped from Monzón, they left even though they had their place and everything. There was a National Bank but when Sendero arrived the police escaped. When Sendero comes in, it takes the Bank's money and they destroyed all the things of the Bank. "(Moneduf1).*

The Peruvian government declared a state of emergency in 1988 to fight insurgents, but it also triggered an involvement of state officials in the illicit economy and corruption (see below: security forces and drug trafficking). Kernaghan writes: *"As the cocaine trade began to dominate life in the valley, the Huallaga became an outlaw realm where people could go to escape the jurisdiction of Peruvian law and where both the police and military implicitly had license to do as they pleased."*

[135] According to some statements, the police left dressed as women to prevent detection (Monedum1).

(Kernaghan 2009: 17). The Peruvian army arrived in 1988 in Monzón, and established a post directly at the Plaza de Armas. Even with the presence of the armed forces, the guerrilla presence in the area was still felt.

The Peruvian army might have controlled the urban centers, but the road towards Tingo Maria was still not safe. One community leader recalls that instead of taking the road and travelling directly to Tingo Maria to visit his family, he had to take another hidden way that took three days. As a leader, he received threats and expected to be on a "*death list*" of the guerrilla. During the nights in the community, he often slept in the bushes of the hills out of fear of being ambushed by Sendero Luminoso who would come and take them while sleeping (Interview Tijourm). Particularly for community leaders and authorities, the presence of PCP-SL became dangerous. Right from their arrival, the guerrilla installed their own authorities who were in line with their ideology.

> *"They were authorities imposed by terrorist groups. They were not elected, but they were authorities imposed by force, against their will. [...]*
> *These authorities were imposed by force. So as I was saying, after that little by little, the State begins to take its place. Then they started by building schools. They began to build educational centers. "(Monedum1)*

After the arrival of the military in Monzón, local order was defined by them. Only a few open confrontations took place between Sendero Luminoso and the military, in the valley of Monzón. One of these took place in 1988, when 13 soldiers lost their lives (CVR Tomo IV 2003: 356). Even today, the inhabitants of Monzón reckon that the military freed them from the despotism and brutal rule of the guerrilla: "*It became peaceful when the armed forces was there, that was the change*" (Monmunregm). Authority was thus defined by the military and territorial control was imposed by several road controls. This could not stop Sendero Luminoso from being active in the region, but could control the urban centers. While the military officially controlled the region by the end of the 1980s, the guerrilla managed to maintain its influence.

The position of security forces towards the local economy changed during the 1980s, and this position changed several times in later years. By the end of the 1970s and the beginning of the 1980s, the government's approach was to eradicate coca and to be tough on the illicit economy which led to a general mistrust and adversity of the local population towards state security institutions. The eradication strategy also played in favor of the Guerrilla, who promoted themselves as a shield against eradication. This changed, when General Arciniega arrived in the Huallaga region. While military activity expanded, Arciniega also advocated for concentrating on the fight against the guerrilla and not on cocaleros. He was trying to improve civil-military relationships, since the General recognized that there was a high risk of driving cocaleros into the arms of Sendero Luminoso, once the state tries to

eradicate (Gonzales 1992: 130-138; Durand 2014: 57). The state's strategy changed in the following year, not focusing on a repressive act but rather on winning support of the people. The approach was based on the idea that Peru could live with the threat of drug trafficking, but not with the threat of a guerrilla group destabilizing and openly confronting the country (Durand 2014: 58, see also Cotler 1999: 169-174). This ease on fighting coca production brought much criticism, especially from the USA. Arciniega was accused of receiving drug money which he denied, but he had a powerful counterpart, the state secretary of the United States for the fight against drugs, Melvyn Levytski (Gonzales 1994; Cotler 1999: 171). In 1989, Arciniega was reassigned to a political post in Lima. The state measures against coca and drug production increased again which ultimately had severe consequences on coca prices. Greater difficulties in the transport of drugs out of the region resulted in an overproduction of coca and prices for the coca leaf fell from mid-1989 to mid-1990 (Felbab-Brown 2010: 57).

Several anecdotes suggest a deeper involvement of the state security forces in drug trafficking. Some go so far and use the term "narcopolice" or "narcomilitary" describing an institutionalized relationship between the state security forces and the drug economy (CVR Tomo V 2003: 739, 763-770). These terms are of course reductionist and generalizing. They cannot adequately describe the relation between the drug economy and the respective actors. They are even more inadequate when it comes to describing the relationship towards markets of drugs and illegal goods. But they do stress on a certain importance of the respective actor to the drug economy. In the AHV, the Sendero Luminoso, the police, and the military had decisive influence. While the guerrilla used the illicit drug income to finance their insurgency, state institutions gained monopolistic strength in the region while there was low control at the same time. The lack of control and accountability opened up possibilities for getting involved in the drug trade with the result that the military, police, and the judicial authorities became increasingly involved (Gorriti 1988; Cotler 1999). As one person in Monzón told me: "*The armed forces were taking their [the guerrillas] place. But drug trafficking continued and the military itself was involved. It was not a change we wanted*." (Monedum1).

Later during the Fujimori regime and under the "Rasputin-figure" Vladimiro Montesino, drug trade was supported and even orchestrated from the highest political level. As head of the national security service (SIN as Spanish acronym), Montesinos was *de facto* in control of the drug trade by taxing traffickers for their transportation (Quiroz 2013: 392-395). According to the CVR (2003 Tomo V: 763), in 1993, there existed at least 18 illegal landing strips in the Alto Huallaga that were established near a military base. These landing strips were sometimes in the middle of the road, not controlled by the police (Monunm1). One of the most important landing strips in context of the amount of drugs transported, was the one in Campanilla run by the famous drug trafficker Dimitrio Chávez "El Vaticano". Owning such a landing strip was highly lucrative but it also meant bribing local military

officials: 4,000 USD per flight, with around three flights per day which meant around 10,000 USD per day (CVR 2003: 765). "El Vaticano" said during his court hearing in 1996 that he had to pay a monthly retainer of $50,000 to Montesino for operating the lucrative landing strip in Campanilla. He also indicated that Alberto Fujimori knew about these deals. When released from prison in the beginning of 2016, El Vaticano revealed some interesting insights about his connection with the Peruvian state:

> *"If I became big it was because Fujimori and Montesinos supported me in exchange for a monthly amount of 50 thousand dollars. I became great during the Fujimori government. Peru was a narcostate at that time. Narcostate because it was with the help of the Army that in January 1990 we started the construction of the airstrip in Campanilla (district of the province of Mariscal Cáceres, department of San Martín) and on March 15 began to operate and began to enter the light aircraft (to pick up the drug bound for Colombia)). It was the military who provided the roller and the front loader to build the track. In addition, the soldiers of the Base of Punta Arenas, with authorization of their chiefs, helped me to raise the drug to the airplanes. The military obeyed Montesinos. The time of Fujimori was a narcostate. Fujimori was fully aware of narco activities and this also appears in declassified US documents "(LaRepublica 2016b, own translation)*

State security forces rapidly extended their presence in the Huallaga, with bases in Uchiza, Palma del Espino (Santa Lucía), Tocache, and Madre Mía and also strengthened their presence in Aguaytia.[136] The improvement of state presence led to a shift in the drug trafficking networks to Bajo Huallaga (Juanjuí, Bellavista, Picota) and particularly towards Aguaytía and Pichis-Palcazu. Hence, as several charges against former officials reveal, the military even facilitated drug trafficking instead of fighting it (CVR Tomo V 2003: 762). Even if the military was involved in trafficking, people recall that the Fujimori administration brought more stability into the region. For example, the Autodefensas worked closely with the military from 1992, and unlike in the VRAEM, the formation of Autodefensas was initiated by the state, and weaponry and ammunition was given to the groups.[137]

In Monzón, there was no state security actor stationed in the area until the military installed a base in 1988. The conflict had a lasting effect on local order, state presence, and the illicit economy. When Sendero Luminoso entered Monzón, it destroyed the main connections to the state, the police as provider of local order, and the Banco de la Nación as access points to the banking system. After the conflict, it took nearly 30 years to restore both in the valley. The reason for the lasting absence was not the conflict, but as we see below, the growing influence of cocaleros during the second coca boom. During the 1980s and 1990s, the area represented the nexus between the coca and drug economy,

[136] Two of the more important figures were General Jaime Ríos Araico and General Eduardo Bellido Mora, both accused of drug trafficking and having connections to the regional drug capo Demitrio Chávez Peñaherrera alias "Vaticano" (CVR Tomo V 2003: 771-773). Bellido Mora was not charged supposedly because he was the brother in law of Hermoza – a Fujimori intimus in the military (Enrique Obando 1998: 400).

[137] As Alejandro Palma, CADs leader of the Alto Huallaga autodefensas recalled, the ammunition was bought by the autodefensas themselves and were reimbursed for it afterwards (Ahvcadp).

and the military and Sendero Luminoso. It resulted in a balance that sustained the presence of drug trafficking as well as the presence of Sendero Luminoso. The guerrilla group was still able to demand "cupos" payments from traffickers and cocaleros (Tijourm1, Paucar 2006, CVR Tomo V 2003)

6.3.6 Coca Highs and Lows

While conflict and the guerilla impacted the security in the valley, the AHV was the largest supplier of PBC in the world. At the peak of coca production in 1992, estimations indicated that the Alto Huallaga produced 61,000ha coca which was around half of the total national production by that time (INEI 1993). This amount exceeds today's national production by far (around 42,000ha – UNODC 2016) and had consequences for the local population. The prospects of economic opportunities resulted in migration waves, during a time of recession in Peru. People benefited economically and furthermore, recent migrants could directly survive on what they earned in the Coca and PBC producing industry. As farmer, coca picker, and producer or retailer of PBC– the Huallaga became popular for those seeking new prospects. The new settlers were therefore called "*buscavidas*" (literally: life seekers)" (Kernaghan 2009: 11). Soon, businesses that benefited indirectly from the economy also grew in the area. Restaurants, bars, hotels, and brothels could be found in the Alto Huallaga. According to the census of 1993, the population of Huánuco grew by 35% from 484,780 in 1981, to 654,489 in 1993, and at the same time in San Martín, the population increased 74% from 317,751 to 552,377 (CVR 2003 Tomo IV: 309). The rate in population growth was around twice as much as the national growth rate (See table) and even higher among the younger population: between 1981 and 1993, the population between the ages of 15 and 34 years grew 41% in Huánuco, 90% in San Martin and 64% in Ucayali while the national growth rate was at 36% (Cotler 1999: 121-123).

In the mid-1990s, several aspects contributed to a sharp reduction in coca plantations. More restrictive state policies such as the *inderdicción aérea* (air denial) had a major impact. It allowed the Peruvian military to shoot down planes which were suspected of carrying drugs. Even though the task was still not impossible, it became riskier to transport drugs out of the valley. The consequential closing of the air bridge showed its effect, but the reduction was probably also caused by the fungus "*Fusarium Oxysporum*" – that destroyed many of the coca crops. Additionally, the disruption of the Colombian Cartels resulted in a reshuffling of the international cocaine market, which also affected coca regions in Peru. From 1995, Peruvian coca cultivation decreased significantly. Cotler reports that from three USD per kilo of coca, the prices fell to 40 cents and for PBC, the prices fell from 850 USD to 100 USD (Cotler 1999: 129). Others, such as an investigative journalist from the region, who wrote extensively

about this topic, calculate that between 1995 and 2000, the “arroba” coca (around 12kg) cost no more than 10 soles (Tijourm).

Consequently, in the 1990s, there was a significant reduction in coca production in the Alto Huallaga, and Peru stopped being the premier producer of coca and PBC. The shock of losing the primary source of income is still remembered today by the people in the AHV, since it affected not only the coca production itself, but the region as a whole (Kernaghan 2009; Marcy 2010: 220). While production recovered in the following years, it never reached the levels of the first coca boom. Instead, production shifted northward and a considerable amount of coca was now produced in Colombia and demand for Peruvian coca and PBC fell. Consequentially, prices for coca dropped and the production soon became unprofitable. At first this was an economic disaster mainly for traffickers and coca growers, but since all legal business depended on the illicit economy, soon the whole region was in the grip of economic trouble. In 2000, the region produced only 13,600ha of coca, while at the same time Colombian coca production reached its peak in 1999 (UNODC 2003).

However, the following years showed the volatility of coca production. After the fall of coca production, the region recovered with the beginning of the new millennium. Pressure on coca plantations in Colombia in relation to the *Plan Colombia,* brought changes in the international proliferation of cocaine production. Internally, the democratic transition in Peru shifted interest away from the coca producing areas. Under these circumstances, coca production recovered from the end of the 1990s onwards.

6.3.7 Conclusion Historical Development

Summing up, the historical development of the Alto Huallaga is closely connected to the evolution of the illicit economy. Right from the beginning of the 1940s, coca and later the illicit economy of production and trafficking of PBC dominated the area. The boom of cocaine resulted in an increasing migration into the area. Colonization came alongside coca growing opportunities and therefore working possibilities. From the early days, coca and cocaine played a substantial role and created powerful non-state groups who maintained their positions because of the illicit trade. Coca had a dominating role and the valley was the historic center for cocaine production.

Until the 1960s the state did in fact benefit from the coca production, it was again the state that led to a change from the late 1960s. Restrictive state policies facilitated the development of an illicit and therefore more profitable economy in the first place. Moreover, it gave PCP-SL the opportunity to present themselves as a *defense force* for the population, against state actions. Paradoxically, the state´s role against the coca economy became a key aspect for negative perception of the state. State

actions therefore underlined the "marginalization" instead of the integration of the region. In other words: Instead of being able to implement rules, the restrictive policies alienated the area from the state. As a result, the reach of the state included selective coercive measures against the coca economy, but there was no political or territorial integration of the area apart from *hub cities* such as Tingo Maria. In Monzón, the perception of not being integrated or of staying in the margins was only exacerbated by the police leaving Monzón only days before the arrival of Sendero Luminoso, thus leaving a bitter sentiment in the minds of the population towards the state.

The organization of the drug trade was relatively peaceful at the beginning. There was no real competition among the drug firmas, and only a few had simple guns (van Dun 2009: 71; Kernaghan 2009). Everybody profited from the production while violent encounters were rare. Reports reckon that with the arrival of international traffickers, the rules of the game changed and they introduced the *sicarios;* threatening to kill those who did not comply to the operational rules they imposed (CVR 2003 Tomo IV: 384; Van Dun 2009: 71). But it was not necessarily the Colombian cartels that inserted violence in the area; rather it was a combination of different security actors, with overlapping zones of interest and influence. Sendero Luminoso, drug traffickers, local authorities, and state forces resulted in a violent mix of uncertainty and the expression of "tierra de nadie" – no man's land. To be more precise, it was not the land of no one but the land of many; rules imposed by different actors, but no comprehensive control by one single actor, least of all, by the state. That was similar to other regions in the AHV, Kernaghan writes: *"Prior to the late 1990s, Peruvian procedural law had been at best a distant spectre, one that at times appeared to be approaching and gathering strength and that locally had at best a weak, objective presence" (Kernaghan 2009: 16).* In this environment, the main focal point was coca as the driver of colonization, migration, and ultimately local social order. Hence, the historical development set the basis for the construction of a region in the margins based on an illicit good. These structural preconditions fully unfold in the "Second Coca Boom".

6.6 The Local Order during the Second Coca Boom

6.6.1 The Coca Economy

After the economic down fall in the mid-1990s coca production increased again by the end of the decade. In 2003, Monzón already accounted for 78 percent of the total production of coca in the Upper Huallaga Valley. From this production, only one percent was sold to ENACO, the national agency for the commercialization of coca. The rest was produced for the black market, for the production of PBC and the production for mostly drug trafficking groups (Durand 2014: 120). The drug production could

rise and in spite of selective interferences and the destruction of production facilities during the second coca boom, the state remained a mere chimera in Monzón. The police left during the conflict and there was no police post or infrastructural development in the valley. Consequentially, there was neither a control that could have penalized the illicit actions nor a rewarding alternative to the coca economy. Hence, coca production remained high and had economic and social consequences in the margins of the state.

The economic reasons for the production of coca remained the same and similar to other regions: ENACO pays prices depending on the quality of the coca leaves while illegal coca sells for approximately double the price that ENACO is paying for most of the leaves[138] (UNODC 2012; Interviews Mopop). Additionally, in Monzón, there are limited possibilities for alternatives: steep hills limit the space for agricultural land and therefore limit the extension of agricultural fields. Coffee and cacao need more space to be profitable. In Monzón, illegal coca and drug production operated for a longer time than in other areas of the Alto Huallaga.[139] The economy was based on coca which allowed harvesting up to 4 or even 5 times a year and resulted in the highest prices for dried coca nationally. This was an indication that it had higher levels of alkaloids as compared to the coca of other regions.[140] A common mode of payment was in US Dollar as this was the currency used for buying PBC. Prices for PBC in Monzón were on an average higher than prices in the rest of the Alto Huallaga. One kilogram of PBC, cost around 816 USD in 2008 and 832 USD in 2011. The average price in the region of Alto Huallaga and Apurímac were 732 and 815 USD respectively and moreover, the prices for cocaine were highest in Monzón (1,021 USD/kg. UNODC 2011: 51). The business with PBC was performed openly during this time:

> *"The coca leaf, that was the only source of income, and that is because our authorities saw coca as the only product, because it was easier to work with the coca, because it provided you every three months [enough income], and after that you had time to relax."* (Monmunm1)

The money came directly from drug traffickers who bought it from a middleman or directly from the farmers. Some people who were interviewed even indicated that the US-Dollar was the main currency in Monzón. There are no records about the volume of incomes at that time, but statements indicate that there was a constant income because of the coca economy: "*Before there was a lot of money. A lot of [US]Dollars*" (Mondedum2), "*They [the population] bought everything no matter what. There was money*" (Montienm2).

[138] ENACO pays 95soles for the best coca leaves, 80 soles for second best leaves and 65 soles for the least good quality coca leaves. The categorization very much depends on the local employees of ENACO.

[139] *System explained in previous chapter.*

[140] In 2011 the highest average price for coca of US$3.6/Kg was registered in Monzón and the lowest price was registered in VRAEM with US$2.8/Kg (UNODC 2011)

Furthermore, in the nearby city Tingo Maria, business was booming precisely because of the coca and the cocaine industry. People invested in hotels and restaurants, spent money in brothels, and bought clothes and motorcycles (Interviews TIycofm2; Kernaghan 2009). The repercussions of the illicit business could be felt in the city but due to the strong presence of state security forces in Tingo Maria unlike the other areas in the AHV, it was never performed openly. Hence, there was no open selling and buying of PBC as in other regions nearby. Instead, economic earnings from the illicit economy were reinvested in the legal market.

The constant inflow of drug money from international traffickers and the dependency on one economic source resulted in increasing prices for consumer goods and services, while other sectors did not develop at all. The boom in coca and the cocaine business resulted in particular in growing local consumption, bigger festivities, increasing alcohol consumption, and luxury goods such as cars, motorcycles and clothes (CVR Tomo V 2003: 746). The boom in the illicit economy and the resulting migration flows came along with severe social consequences. The constant inflow of new migrants meant challenges for the internal organization and the Alto Huallaga became a melting pot of different players related to the illicit economy. The availability of money and the evolution of a "narco-economy" had other social consequences. Alcohol abuse ("borracheros") and prostitution. became part of everyday life.

> *"Yes, a lot of prostitution. Colombian, Brazilian women came. All paid, because there was money"(Monenm1)*
>
> *"They already had a lot of money then they got drunk on the streets, until another harvest." (Monmunm1)*

At the same time, even today, the region has weak infrastructural, with low levels of education and basic services (INEI 2007). As mentioned before, there was no phone service, no regular running water or electricity and till this day, the waste water system is not working (Interview Monngom1, Mnpop.). Similar social developments can be found in comparable regions, for example, in the work of van Dun (2013) and Kernaghan (2009).

Vivid memories of this time still linger. The owner of a grocery shop, who formerly owned a bar in Monzon, remembers: "*During these days we had everything, we offered everything, girls from outside, whiskey, you ordered and we could provide it, without question (…) Even women from Colombia*" (Montienm2). His bar was essentially also a brothel and at this time, he made huge financial profits, as did many others. But only a few invested in the stable businesses or houses. Money was spent as easily as it came but did not improve living conditions; instead people still recall heavy drinking and the availability of expensive clothes and motorcycles (Interviews Monpop; Mongom2). "*I drank one box of*

beer every day, every day you could have party, people lying around, drunken in the street (…) now I don´t drink anymore, I can´t", told me a former cocalero (Monpopm4). Because of heavy drinking in the past, his liver is damaged. He tells me how some people spend 100 USD for one night with a prostitute. Economic and materialistic possibilities dominated the region while few other topics played a role:

> *"Before, [people] used to be more interested in more money, work and fun, other things." (Monresm1)*

Prostitution and drinking are reported by all interviewees and explained with the relatively easy access to money:

> *"They are badly accustomed. How many years have they lived of that nothing more? From the easy. You know, waiting and getting used to that kind of life is a bit difficult. Here is another kind of life than to get drunk and dance."(Monenm1)*

A former teacher and current worker in the municipality mention the consequences of the "easy money":

> *"Our authorities saw the coca as the only product, so it was easier to work with coca, because it provided [income] every three months, and after that you had time to even sleep. Then that has been incubated in society, delinquency, vagrancy.*
> ***Why was there delinquency?***
> *Because they had enough money, then they got drunk on the streets, until another harvest." (Monmunm1)*

For young people growing up in this environment, trafficking drugs or working on coca fields became a viable opportunity to make money (Novak 2014). Driven by economic hardships, youth became involved in the illicit economy. Once part of it and given its materialistic attraction, young people did not have the motivation to study but were more hung up on the idea of being able to spend money such as getting a motorbike or a car. Becoming part of the illicit circle promised some of these aspects. Education on the other hand was not the primary focus and coca was the dominant factor: *"Some have invested in their children but others said as I am not professional my children will also continue to sow coca."(Monmunm1)*. The coca economy promised economic outcome and attracted people into migrating to these areas. This led to a diverse and young cultural basis with different actors, whose main connection was the coca economy.

6.6.2 Actors in the illicit and coca economy

Following an analytical structure of analyzing local social order, we need to account for the role of different illegal actors, who do not only seek to generate economic benefits, but also lower the risks of getting caught. Finally, the long history of drug production and trafficking in the Alto Huallaga resulted in specific social norms and rules. On the macro level, four players are important for the trade. Until in the 1980s and 1990s: international cartels. After the disruption of bigger cartels, other actors became more important: local firmas, the Sendero Luminoso, the Cocaleros, and the Peruvian state.

The internal turmoil and restructuring of the Colombian drug trafficking scene had consequences for the international drug trade. For one, Mexican cartels became more important, and the trade also diversified and local actors played a more dominant role at the local level (van Dun 2009; Felbab-Brown 2005, 2010; McKlintock 1998).

Reconstructing the local business formalities of the drug trade is difficult. There are obviously no official agreements, and arrangements depend on the local circumstances. An important change brought about the decreasing influence of Sendero Luminoso in the valley, which initially led to an arrangement that was based more on personal initiatives:

> "After the guerrilla left it was different already. Rather, each one was looking for their own work environment. They dedicated themselves to the marketing of drugs. It was sold like bread. Grab your backpack put 10 to 15 kilos and go to another point to negotiate (the selling). And so you traded as if it were something very common – that´s what it was like."(Monresm1)

For estimation on how the drug economy was organized, we can follow the presentations of van Dun (2009) and the CVR (2003). The drug economy can be described as a form of division of labor between local actors who produced drugs, those who were involved in trafficking, and foreign drug traffickers who transported drugs out of the country. The local organization was in the hands of the firmas´ who collaborated with the local and regional elite and negotiated on the prices with the campesinos. At first, the firmas *"divided the control over the gathering of coca and the production of the bruta among the present groups as part of a "Pacto de Caballeros [Gentlemen´s Agreement], whereby the different firmas operated in restricted areas, and confrontations where rare*" (van Dun 2009: 71). Within these firmas, different actors had specific tasks. Van Dun (2009) distinguishes two types of small scale smugglers, *burros* and *mochileros*.

Burros smuggled small amounts of cocaine on a regular basis and bought it from local *firmas*. They worked independently. They were often familiar with the firma and were often long-time residents of the area. They engaged in the business only when in need for money. Besides this, they were engaged in other activities, such as the cultivation of coca. They would also sell the drugs for their own profits after buying it from the narcos.

Mochilleros smuggled once or twice in small quantities for a firma. Often new to the area, they were migrants who were not involved in other activities. They paid a fixed price that transported the illicit goods mainly in Peru, often paid in US Dollar. The large sums they carried, therefore made them vulnerable to abuse by the police: "*If, during a police search, a peasant or woman was found with a large amount of cash, the currency was often confiscated without any explanation or accusation*" (van Dun 2009: 6).

Besides these small-scale traffickers there were *traqueteros*. These large-scale smugglers were on the higher echelons of the firma and earned a great deal of money. Within this group, there were smaller factions on different levels. Small scale *traqueteros* smuggled a few kilos in cars and worked officially, for example, as taxi drivers (van Dun 2009: 8). They were constantly on the move.

And than there were the *patrones: They held the highest positions and* were the most important individuals. They were the ones running firmas as bosses – seen as self-made men by the population and respected as such. They mostly lived a modest life. They maintained an inner circle of *traqueteros* organizing and holding good relationships with the inner circle of people – often involved in trafficking of larger quantities. They would be living in the areas and holding close relationships.

There were up to six different drug trafficking clans in the municipality of Monzón: "Los Rambos", "Scich", "Chilcano", "Lucho Flores", "Shiun", and "Dionisio". In the whole district of Monzón operated four more clans. Each had a local position and transported their drugs to different locations. For example, Los Rambos had Monzón as the center of operations but transported drugs primarily to Bolivia and Chile. Other clans included the sons of a former mayor of Monzón. The production and exportation capacities ranged between 200 and 500 kilos of cocaine per month (IDL-Reporteros 2012; Interviews MoPo1).[141] Transportation from the valley was mainly via Mochileros, cars or air transportation. One inhabitant of Monzón mentions how drugs were sold in the streets like an ordinary commodity and transported directly out of the valley: "*Yes, there were direct buyers. Down here from where you come from they made flights. From Cachicoto [village in Monzón Bajo], there was a landing strip. Light aircrafts landed there*"(Monenm1). For each drug flight leaving the area, money had to be paid to several actors: the army, the mayor, the gobernador, and the organization of the cocaleros (2,000 Dollar each) – the CVR also mentions the payment of 3,500 Dollars to the PCP-SL (CVR Tomo V 2003: 763).[142]

Cocaleros

Beside the actors directly linked to the illicit drug trade, another group had an influential part in the local economy: the organization of cocaleros. Although as an organization they were not directly involved in drug trafficking, the cocaleros became an important institution for the valley of Monzón, the organization of the region, and also for the facilitation of an illicit economy. The cocaleros have an ambivalent role with regard to the illicit economy in the Alto Huallaga and even more so in Monzón. On the one hand, they are representing the rights of the coca peasants but do not restrain officially

[141] This form of organization resulted in "localized drug industries". It created *narcopueblos*, offering many possible income opportunities (van Dun 2014: 14). A good example for this is the small town of Campanilla, that was home of el Vaticano and that honors the former drug patron until today (abc.es 2011; La Republica 2016a)

[142] Similar can be said about Campanilla as epicentre of drug trafficking during the first half of the 1990s.

from the drug trade: *"We are selling to whoever pays best"* (Interview Moncolm). When state action against coca increased, entities formed to support and campaign politically for the cocaleros. The first organization representing the cocalero interest in the AHV formed in 1964, after the state enacted the Supreme Decree 254, which limited coca production to certain districts of Cusco, Huánuco, La Libertad and San Martin (Durand Ochoa 2014: 55). This led to organized protests against state actions and eradication campaigns, but they could not stop the eradication efforts. With the appearance of Sendero Luminoso and the internal conflict the movement lost its momentum. Only after the end of the Fujimori regime and after the fading influence of the guerrilla at the beginning of 2000, the organization of cocaleros regained strength. At the same time, they transformed nationally into a social movement promoting the legalization and the traditional use of coca (Ibd.: 55-78).

As state actions towards the valley of Monzón were primarily perceived as a threat to the coca, cocaleros became organized in the *Poderosa Federación de Cocaleros del Valle del Monzón* and came together with Aucayacu, Leoncio Prado and Yanajanca in the *Central Nacional Agropecuaria Cocalera del Perú* (CENACOP).[143] The CENCACOP became a counterweight to the CONPACCP and became the most radical cocalero organization in Peru. They neglected the agreement on gradual auto eradication made earlier between the Toledo government and cocaleros in 2003 (Decreto Supremo 044-2003PCM). With its slogan "coca o muerte" (coca or death), CENACOP advocated the free production of coca and had its most significant mobilization in 2007, when they went for an indefinite strike in Tingo Maria. They managed to have a dialogue and could at least stop eradication in the valley of Monzón, but they lost strength on the national level (Durand 2014: 133). Locally however, and especially in Monzón, the cocaleros remained an important and powerful institution. CENACOP has been accused of holding close ties to Sendero Luminoso, however evidence of a close institutional cooperation was missing (van Dun 2009: 328). The most influential figure was Iburcio Morales, who became nationally known as *dirigente cocalero*, coca leader, and later the mayor of Monzón. He became a fierce opponent of state intervention and a leading figure of the cocaleros.[144]

The role of the cocalero organizations was ambivalent since they were fighting for their right of planting coca legally, but they also knew that the majority of the production was destined for the illicit market. The majority of the population in the region depended on coca and the organizations of cocaleros fought for their right. In a region where coca became a defining role for the society, cocalero

[143] Earlier, the different coca growing regions in the Upper Hullaga, Monzón and Padre Abad formed the Asociación de Agricultores y Productores de Hoja de Coca del Alto Huallaga, Monzón y Padre Abad (AAPHC-AHMPA) (van Dun 2009: 201)

[144] There have been sporadic contacts with state institutions by cocalero leaders but these were in order to defend the coca production rather than an attempt to accept state development and state rule in the region. The alternative development and eradication of coca was not up for open negotiations.

leaders thus held a particularly powerful position and assumed political positions as well. They also collected "taxes" and used coercive measures to get support:

> *"We lived in a fear here and each one had to take care of themselves, take care of your life, your home, because there were no guarantees for your life if you said and proposed that alternative products must be cultivated, they told you that you were a traitor, and only allowed you to plant coca. But they also did it with the purpose of stealing, because all the people who planted coca had to give a Sol by arroba [around 12kg coca], and the one that had 100 arrobas, had to pay 100 Soles, then the leaders lived from that money." (Monmunm1)*

The last three mayors of Monzón have also been cocalero leaders. The mayor elected by the people of Monzón played an essential role. After the guerrilla left and lost influence in the valley, the mayor was seen as the most powerful authority figure – the "*leader of the valley*" (interviews Monpop.). He was also a cocalero and the main representative of the valley towards the state. The importance of Monzón as a production site for extra-legal coca fueled the importance of the mayor's role as "representative of the valley". Spearheaded by cocalero leaders, the valley of Monzón was a closed region and by being united, managed to withhold external pressure and maintained an economy based on coca and drug trafficking. The cocalero leader Iburcio Morales became mayor in 2007 and is still seen as the true leader of the valley. Morales was arrested in 2010 along with 42 others because of alleged cooperation with terrorists (Inforegion 2010). Morales died in prison in 2012. The president of the autodefensas in Monzón said: "*Estamos dolidos por la muerte de nuestro líder*" („We are in pain because of the death of our leader") (Correo 2012a). The cocalero leaders should not directly and generally be related to drug trafficking, but in the valley of Monzón, they were facilitators for an economy based mainly on the production of coca as well as the production and trafficking of drugs.

Economic, political, and social influence cannot be completely separated. They are very much intertwined since the economy was mainly based on one (mainly illegal) product. People who controlled bigger or important parts of this economic chain had higher levels of influence. Several cases reveal the interrelations between political leaders and leading drug traffickers. Sometimes local politicians played both roles at the same time. Political leaders supported the illicit economy to secure an economic outcome for their people. At the same time, illicit actors depended on their political support to be able to enter the valley of Monzón.

6.6.3 Security

This section analyses the security situation during the second coca boom and until the destruction of the illicit economy. In accordance with the theoretical analysis, security and security provision is one key aspect of local order. The following analysis is mainly based on statements of local inhabitants and

shows the actors who have been present, their relationship towards the illicit economy, and what the security perception was like before the destruction of the coca economy.

In Monzón, after an uncertain security situation which was characterized by guerilla, narco, and state violence, the situation stabilized with the increasing importance of cocaleros and the shrinking direct presence of Sendero Luminoso. Risks of bigger confrontations between different security actors and even massacres were banned. “Todo tranquilo” – everything was calm here, is one of the main expressions in Monzón for the time after 1995; the time when the guerrilla left. However, several quotes give examples of interpersonal violence and people give mixed answers on the levels of personal security and crime. During field work, people told me about the risks of getting involved in or experiencing violence through gun battles, the danger of getting caught by the police, and imprisonment or robbery by other traffickers or even the police.[145]. A UN staff member promoting alternative development in the lower parts of Monzón, and a former authority remember that even free speech was dangerous:

> *"The social situation in those times was terrible. You could not say anything because there were people behind you and warned the "traqueteros" who buy drugs and they somehow gave you the hints, the threats. That time was not easy. In this environment has worked with all the risks. "(Monunm1)*

> *"I was governor of Monzón and when I left office they [the cocaleros] went on strike, I did not agree to this strike. I did not agree to that strike because this strike made no sense. Then a group of strikers came to my house, they cut my wife's arm. Then they told me this is betrayal. I was grabbed and kidnapped. I denounced them for kidnapping for terrorism, because they came masked. Because everyone who comes like this, hooded, for me is a terrorist. They took me two blocks away and they hurt my wifes arm. (…) All this traumatized my son. "(Mongobcm)*

Some mentioned the lack of control of delinquencies as reason for the risk of violence. A person who tried to plant licit goods instead of coca reckons:

> *"It was very difficult, there was no police, there was no prosecution. the presence of the state was null here at this time. (...) Naturally Monzon was a shame because they killed anyone I was threatened with death so I asked for guarantees [for security]. It was given to me by the province, not even the local governance gave them [the guarantees] to me"(Moncamcm)*

For people unknown in the valley it was dangerous to enter the valley, because of the potential danger of being a state agent.

> *"It was quite dangerous for unknown people to enter because they thought he was a cop or snitch. It was very delicate for unknown people to enter. That's why only familiar people came in here. Unknown strangers could not enter like this without problems "(Moneduf1)*

Some described violence as a consequence of the illicit economy:

[145] Van Dun (2009) describes a period in a particular village in the beginning of 2004 of an eruption of violence- mostly on turf wars and trafficking routes which led to a circle of revenge and the arming of citizens out of fear of getting involved “…gunfire was heard – and murdered corpses were witnessed – on a daily basis (9). Van Dun describes direct involvement of local firmas in the order of a village – including the assassination of a local gang leader by sicarios of a patron.(11)

"It was because of drug trafficking. It was no longer terrorism. Account adjustments, assaults. Bone where there is drug trafficking there necessarily has to be assaults, that type of deaths was, it was not because of the guerrillas. "(Monedum1)

Other quotes suggest different local organizations have been able to control violence:

Who organized security?
"The population, together with the authorities and the autodefensas, if we found a thief we got him to the sports court and called their relatives or if not we sent him to the competent authority. That was a function for the teniente gobernador who at that moment had their position. "(Monexgobm)

If there was a robbery what happened to the thief?
"In that case the person was only warned, although before there were no robberies. There were no robberies, you left your door open and nothing happened, there was no violence, no robbery. There was no need to report to the police that kind of people would be taken down to the river because these people were not worth anything. Criminals are detrimental to the well-being of the community."
So what did the people do if there was repeated robbery?
"They threw him into the river, they killed him when he committed robbery. Mostly that was [the punishment for] robbery, not so much for those who committed violence." (Monmunm1)

There is an ambiguous memory concerning the personal security situation in the valley of Monzón. On the one hand, people describe the internal control of violence by autodefensas and through social control. On the other hand, violence was related to drug trafficking, vendettas, the potential dangers for outsiders entering the valley, and open violence related to drug trafficking on the street. Interestingly, people with a rather negative view on the coca economy and the cocaleros, tend to highlight violent encounters, while those with positive memories stress on the internal order and leadership of cocaleros and internal control of violence.

6.6.4 Coca Rule

Two lines of arguments dominate the memory of the coca boom and its implications for rule and power: one that remembers most of all coercive rules and another that recalls coca as a positive binding factor for society, which was able to provide for an adequate economic outcome.

When asking the population specifically for their perception on rules and order in the last 15 years, it is difficult to get straightforward answers. "Tierra de Nadie" – No-man´s-land became a frequent description of the region. This expression described more a state of uncertainty than an actual state without rules. Rule setting and rule implementation were alternative to state legal procedures and structures and beyond the legal frame of the state. The perception on what is right or wrong was mainly based on local standards, instead of state rules (see also Kernaghan 2009). However, when asked about how the region was organized under which rules they lived, nearly all referred to the domination by the guerrilla, which has been mostly based on brutal interference with non-compliance,

public, and corporal punishment and forced public meetings. But at the same time, the majority referred to the time back in the 1990s. When asked more directly on how local rule and organization was after the guerrilla left, answers revolve around the expression: “todo tranquilo” – everything was calm – because the population was organized comes as an additional answer. This perception is similarly ambiguous as we have seen in the previous section on security.

Getting information on the previously defining rules in Monzón is relatively difficult, not only because of the not unproblematic “reconstruction” of the past, which might get blurrier over time, but also because no documents can be found that give an unbiased report on rule in Monzón. Only few newspaper articles give insights on the valley, but mainly focus on anti-drug raids of the police than the internal rule of the region (eg. Caretas 2003, 2005). However, a recurrent aspect that can be found in official reports (DEVIDA 2015), which I also found during interviews was the importance of coca and the close relationship towards it. In fact, after the guerrilla was gone, local rule was constructed around the coca and implemented rules were in relation to coca and drug trafficking, accepted by the population. A NGO worker who was a frequent visitor at the time remembers:

> *"The subculture of drug trafficking created its own rules its own ways of living without the presence of the state. The population followed, not happy perhaps but getting used to it, adjusting because it was there for something like thirty years. Then people had adapted and defined this status quo, right? "(Monongm1)*

This also included local authorities and politicians, which needed to follow rules by cocaleros as a former school director explains:

> *"On the subject of drug trafficking authorities were always a bit pressured by the simple fact that drug trafficking dominated almost everything. And the authorities as there was no endorsement of the state. There was no police. They were afraid of drug trafficking authorities. Then they submitted to them, they had to follow the consequences, they had to obey."(Monedum1)*

The illegality of the local economy made the inhabitants of Monzón very suspicious towards people from the outside. When asked about the most important rule during the time of the second coca boom, a former cocalero said: *"The important rules were that you have to be known to enter the valley, if you are not known someone has to guarantee for you to enter and the rest was something that they [the cocalero leaders] decided and imposed their popular justice" (Moncamcm)*". The reason for this caution and for the skepticism against strangers was mostly the fear of eradication. This led to the situation that before the eradication only a few people from outside could enter Monzón. Since the Peruvian state followed the international drug prohibition regime it was perceived to put the livelihoods of the local population at risk. This created an exclusive rule and an insider-outsider rationale, wherein people felt they needed to defend their livelihoods against strangers. Monzón was a *closed* region. Unknown people could enter only with permission. Entering without permission would have carried a

great risk – especially for state agents. Foreigners that were accepted were linked with being involved in the drug economy, thus drug traffickers.

The economy also resulted in social pressure for participating in the process of coca and PBC production that evolved alongside coca. An important rule was the participation in community actions, especially demonstrations against state plans for eradicating the coca. Being against the social basis of the region could have harsh consequences. This pressure could be felt especially by those who tried to plant different crops. One inhabitant of Monzón describes the consequences of a *campesino* who changed his coca crops to coffee:

> *(...) the cocaleros told him traitor, (...) they said that he is not son of the Monzón, because the encouraged to sow things lawful. It was a great change, he was now only planting coffee, because he knew that the drug would not go well, because all his brothers were in jail for drugs." (Monradm)*

Those who were against the illicit economy or those who voiced their wish for change were confronted with social degradation or suffered financial losses when their crops were destroyed as a form of punishment. Often this was being done in a collective manner. Punishment for non-compliance with cocalero rules involved, for example, the destruction of crops and corporal punishment. "*When they wanted you to go on a demonstration, you had to go. If you don´t go they destroy your field and they threaten you and your family" (Moncamcm)*.

> *"The cocalero leaders never allowed the government to reach Monzón. Because the cocaleros said: if we let professionals enter the state is going to eradicate the coca leaf." (Monexgobm)*

> *These rules had an impact on the possibilities for the state to take action and were in this regard quite successful. Durand cites DEVIDA official: "Nobody goes into the Monzón; the state does not exist there. The only institution that has been able to enter the PEAH, which began water and sewage works and this took place only with the permission of cocalero leaders." (Durand 2014: 120).*

Hence, the exclusive economy created an inner and an outer sphere: while in Monzón, the coca and drug economy was dominant, guarded by cocaleros and the local population, at the same time it was condemned by state laws. The common perception in Monzón was that the coca needs to be protected, which resulted in an *identification* with the valley, even if this was about to change later (see "State Intervention").

Van Dun describes for a similar region: "*The domination of the cocaine industry establishes social networks wherein everyone has direct or indirect relations with drug traffickers, insurgents and state actors*" (van Dun 2014: 14). With constant pressure from the state, as an external force threatening illicit activities and thereby the local economy, the coca was a primary source for internal *cohesion*. But, not all supported this economy as a form of local order and collective punishments have been the

result. Furthermore, social pressure was high to plant coca and to support the "common course" of defending the economy against outside intervention. The most important rule was the support of the coca economy and the defense of it. Coca was the focal point of the society and in retrospect, this resulted in a circle of low educational alternatives, a materialistic society, high levels of alcohol abuse, low development opportunities, and social pressure against alternative structures.

6.6.5 Powerful Actors in the Coca Society[146]

The majority of the population lived off the illicit economy either directly or indirectly and supported leaders who defended this economy on the local level and were also against the state. After the guerrilla lost influence, those who had a bigger say in the illicit economy and the protection of coca became the most powerful people in Monzón; in particular, the cocalero leaders (see also Durand 2014). The cocalero leaders had an exceptional role to play during the time of the coca boom. The main power of the cocaleros depended on social, economic, and also coercive capital.

> *"The leaders were at this time Iburcio Morales, or Ticeran, they were all the leaders. They owned the valley.*
> ***And who were the authorities?***
> *"The authorities were the mayor, the governor. But they did not paint anything [they had no influence] but the cocalero leaders. You did not like it or you were doing something, the cocalero leaders were threatening you immediately. You had to listen to them. They were the owners." (Monexgobm).*

> *"One thing is the authorities, elected by the popular vote and another thing are the leaders in local election that make (pause) the subculture, I tell you. And they were the ones that controlled. And the one chosen popularly by the rules of the state. They tell me that they did not want electricity because if that came the coca would go down."(Monongm1)*

The cocalero leaders had a dense social network and decisions being made for the community needed to have their support. They acted as a political authority and were essentially the most powerful actors in the region. Since everybody depended on coca and on the economic possibilities, most of the political power relied on their leaders. Coca farmers trusted their leaders in context of representation towards the state. Also, the economic capacities of cocalero leaders was relatively high. In a region that was impassable for outsiders and mainly financed through the production and selling of illegal goods, it is difficult to account for the exact volume of income in the region. But the cocalero leader stood at the top of the coca producers and received a form of "tax" from the coca growers. As we have seen, in all likelihood, they also profited (indirectly) from drug trafficking in receiving a share from traffickers. Nevertheless, their economic income did only lead to the accumulation of relative wealth. A particularly influential leader of the cocaleros was Eduardo Ticeran. He was also a cocalero leader of

[146] Part of this chapter has been published in Peru, Heuser (2017).

the CENACOP and incarcerated in 2011. When he was released in 2017, a welcome reception was organized and well-attended in the lower parts of Monzón, showing still his popularity.

The position of the mayor was often mentioned as the the most important actor. Especially when Iburcio Morales was the mayor of Monzón. At the same time, he was a cocalero leader and focused primarily on supporting and defending the coca economy. On this premise was his social capital based. He was able to unite the people of Monzón behind the common goal of defending coca. The role a charismatic leader played for the valley and its importance for valley became visible after the incarceration of Iburcio Morales, when the cocalero movement suffered from his loss. Iburcio Morales, was incarcerated and charged with connections to drug trafficking and alleged support to Sendero Luminoso in 2010 (Ojo Publico 2017).

The relationship between coca, drugs and local authorities only visible Monzón. In Tocache, another stronghold of drug trafficking in the Alto Huallaga north of Monzón, the then-candidate for the mayor´s office, Bazán Arévelo, revealed during his election campaign in 2010:

> *"I heard they are saying that I am a trafficker (traquetero). I have never denied that I was living from trafficking (traqueteo). Why denying the good or the bad that we have experienced? We left school and started mashing coca. The one [saying] he did not live from coca is a liar." (Cited in Ojo Publico 2017, own translation).*

Later, Bazán Arévelo was incarcerated in 2017 for his alleged connection to Sendero Luminoso. Reports on the mayor include expensive parties for several 1,000 USD, providing of ammunition to the guerrilla, and a close relationship with Sendero Luminoso. Charges against the mayor include the close connection to the guerrilla and attacks on state security forces. Furthermore, he is charged with being part of a drug trafficking firma that moved 600 kilos of PBC weekly, between 1987 and 1992. For the right of using illegal landing strips, they are said to have paid 10,000 USD to the guerrilla group (Ojo Publico 2017). He is not the only local politician or mayor who is alleged to have a connection to Sendero Luminoso. Various other mayors have been captured because of (alleged) links to drug trafficking.[147] Uchiza is another example for the influence of a drug economy on a whole community. The mayor, Demitrio Díaz Guevara, was accused of being involved in drug trafficking; for example, renting landing strips to drug traffickers such as "El Vaticano" (La Republica 2005).

Besides the cocalero leaders, and mayors, other actors also assumed power in the coca society but to a lesser extent. Those include the autodefensas, that were basically responsible for providing security in the area and therefore assumed coercive capital. The Juez de Paz assumed the role of the local legal

[147] Wilder Miranda Odonez, mayor of Aucaycu, faced similar charges along with Ableardo Payano, mayor of Puerto Pizana, who transported around half a ton of drugs in 2012. Alan Valdivia the mayor of Daniel Alomía, was captured in 2010.

authority. But also this authority could not protect people who were not conform with *coca rules* as a coffee farmer tells me, who also wanted to plant coffee during the coca boom (Moncamcm) Also the Gobernadores also had important roles, although to a lesser extent. Basically, all of the population lived off the illicit economy either directly or indirectly. Thus, they supported leaders who did the same on the local level and provided a potential shield against the state. In the case of the gobernador, people have been more skeptical because of their connections to the state.

"Drug clans" and "local firmas" organized major drug trafficking operations and PBC production. During the interviews, no drug trafficker was mentioned as an important person who executed direct power and influenced local order directly. Their power was based on money and selective use of violence, but they did not have a direct political agenda (interviews Monpop).

During the cocalero rule, the illicit economy was accepted and promoted by the local authorities. It was part of daily business and daily life. The *narcotrafico* brought in a couple of other groups important for the illicit economy which became influential besides the cocaleros. Even if their basis of power might have differed, their attitudes towards coca and the state was the same (Table 3). All supported the coca economy and all had a negative attitude towards the state.

Table 8 Powerful Actors in Monzón Before Eradication

Actor	Role	Main sources of Capital	Attitude towards coca	Attitude towards the state
Guerrilla	Mainly Shining Path. Exert political control over the region until the end of 1990s.	Social, symbolic, (coercive)	Supportive	Negative
Autodefensas	In response to the Guerrilla**.** Self-defense group against the threat of the guerrilla. Provision of order.	Social, symbolic, (coercive)	Supportive	Negative
Cocaleros	Influence on local politics. Often also mayor of the district. Violent punishment for non-conforming with rules	Symbolic, social, economic	Supportive	Negative
Mayors	Local governing authority, often cocalero leader at the same time	Symbolic, social	Supportive	Negative
Juez de Paz	Local legal authority	Social, symbolic	Supportive	Negative

Local Firmas	Drug trafficking organization economic pressure	Symbolic, social	Supportive	Negative
Foreign Cartels	Not residing in the area but frequent visitors. Economic power. Use of violence in order to control their business (sicarios – hired killers)	Economic, (coercive)	Supportive	Negative

The most important actors in the local order is based on their role within the coca economy. Bigger drug traffickers mainly gain more power due to their economic power. Similar can be said about cocalero leaders who earned from the direct sells of coca but also from *monies* of the cocaleros in the valley. Economic outcome depends mainly on the production of coca and PBC and also the production and smuggling of drugs. **Social** capital – this essentially depends on the role they play within social structures and decision-making processes, mainly through formal channels within the cocalero rule such as in reunions, where people could raise their voice and speak. These reunions were dominated by cocaleros (Monexgobm, Mondevj). Furthermore, there is coercive capital, which can be based on the ability to force someone to follow orders by using direct violence such as by the use of firearms; several remarks on violent incidents and homicide are related to this. The other form of coercive power in the valley of Monzón, was the ability to enforce orders by the "control of the masses", which was mainly related to the way autodefensas castigated crimes or how cocaleros punished non-obedience. Finally, within a coca society whose culture is mixed because of high rates of migration, cultural foundations are relatively weak; again, the binding factor is the illicit coca economy.

When we reconstruct the power relations in Monzón on basis of "capitals" we see that actors with less power have also been less supportive and were even against the coca economy. The relationship towards the illicit economy became a precondition to gaining power. The most powerful actors were those who could also politically support the coca economy. After the guerrilla was gone, the cocaleros became a powerful group. *Acco*rding to interviews in the valley, drug traffickers also needed to cooperate with the most influential cocaleros. But at the same time, cocaleros depended economically on drug trafficking as well.

Hence, according to different sources, the cocaleros were the most powerful actors in the valley in combination with drug traffickers. But the final decision came from the cocaleros. An example given by a UN field worker gives insights. In the southern part of the valley of Monzón, the UN financed a development program which promoted among other things, the production of rice in the area. Jorge, who had been working for that the project in Monzón, describes how the cocaleros feared the development of alternatives to the coca and how they reacted:

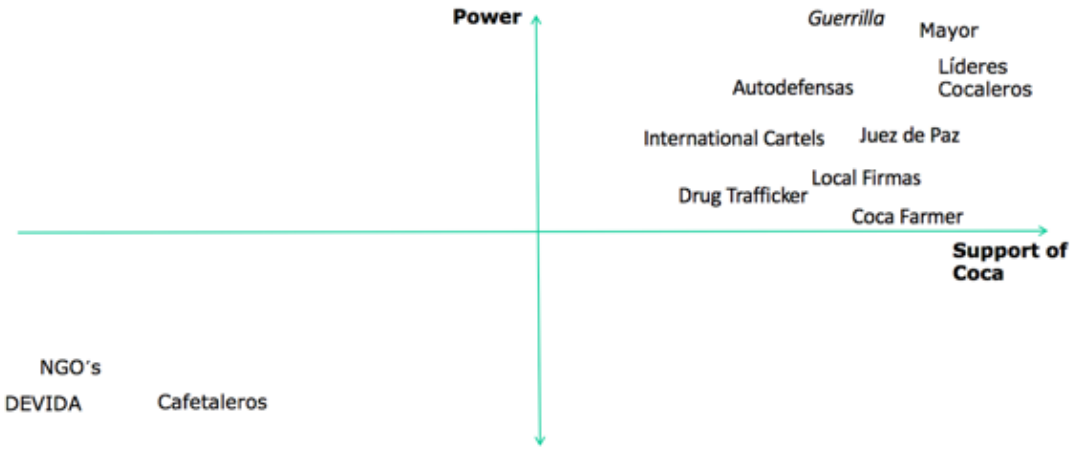
"There came a time when the cocaleros began to see us and the rice project more critical. They said we were dividing them. And that was true because many people no longer sowed coca, they were producing products to trade, or they were engaged in farming or began to plant cacao, or they did reforestation, there was also breeding, the project provided them with income. Then comes a moment when Iburcio Morales pressured the managers, the institution with which they worked. Then there was a moment when they said: you know gentlemen up until here and no further. [Decide] or you are with the United Nations or with us. (…) And there was a strong support. Luckily in the square of Cachicoto we were told nothing more, the United Nations needs to go (...) There nothing else Iburcio Morales came and they were merged (there) Morales as cocalero, plus an armed group, along with drug traffickers. Because at that time there was a lot of coca. There were drugs even for pleasure so support for it was huge. (Monunm1)

The pressure from the cocaleros and the drug trafficking firmas became too much to bear. In order to stay safe, the UN workers had to do as they were told and leave the valley. They left in a rush and were not able to take everything with them:

"Then we got a period of one week to leave all of us. All the workers and we left. All of us went out and took a truck, the other truck stayed there, the tractors remained as well. Then what has happened is time. They started to sell the fertilizer we had a lot and they could sell all the fertilizer in no time" (Monunm1)

Within the coca rule, cocaleros were able to lead these kinds of actions like the expelling of UN workers not only because of coercive measures, but because the foundation of power was based a collective understanding that alternative development was a threat to the region.

Figure 2 Coca Field of Power



As the *campesinos* produce coca, the raw material and basis for drug production, they are an essential and by far the biggest group in the valley. However, they did not have much influence but was rather a slave of the system ("esclavos del sistema") (Interview Mongom2). They earned far more than they would have earned with any other crop, but were dependent on the demand for coca in drug

production. They were the weakest part of the illicit economy. Hence, the only way of gaining power was with the help of the coca associations, as part of a system led by the cocalero leaders. Most of the campesinos did not accumulate wealth during boom times and could not make use of the economic power to gain more influence.

During the coca boom, the state had essentially no direct influence in Monzón, even though a gobernador was present. But as residents of Monzón told me, the gobernador resided not always in the area and secondly could did not speak up against the cocalero until the leading figures were incarcerated. Since local order is based on local historical developments that influence practices and shared beliefs of the population, we can hold that the main driver of local development in the AHV, particularly in Monzón, was coca cultivation and the illicit drug economy. The peripheral region created its own rules, and it seems accurate to say that the coca economy and the "closed" region of Monzón represent a specific *field* that has a particular structure which is inseparable from the existence of coca.

Summing up, local order and rule was based on coca and built on a threat from the outside. The illicit economy was a dominating factor in Monzón. It included the development of specific rules and practices such as the participation in strikes, and the support of the coca, which was the uniting factor in the area. This local order functioned autonomously from the rest of the country and had a particular field of power. The constituting factor of coca created the basis for power relations. Instead of one actor with absolute power to impose rules on society, the situation became more complex. While indeed cocaleros had a prominent role, there was a common understanding and acceptance of rules among the community and these rules and power structures were mainly based on the relationship to coca. The main driver for this development was the illicit economy as it resulted in a constant financial inflow. This situation changed when the state entered the area; it not only destroyed the local economy but also redefined local order.

6.6.6 Conclusion: *Local Coca Order*

The previous analysis has shown that the Alto Huallaga and particularly Monzón was in the margins of the state and that local order was mainly based on the coca economy. The state had a *belated* and incomplete control over the territory, and like the rest of the Alto Huallaga, there was a lack of economic and infrastructural development. Additionally, the conflict further disintegrated the region. In these circumstances, an illicit economy based on coca and PBC could emerge. Coca was the decisive factor for the society in Monzón. Right from the beginning of the late "colonization" in the 1940s, coca and later the production and trafficking of PBC dominated the area. Migration into the area came abruptly and created a relatively young and culturally diverse community. The main connecting factor

right from the beginning was coca. While the internal conflict plays a major role in local collective memory, coca and the illicit economy is the dominating topic throughout the years, with no or only low influence of the state. Thus, historically, coca and an illicit economy were influential in the constitution of the society and the production of local order.

Connections to the legal frame of the state were only sporadic and the most noticeable encounter with state laws was the interference in the basis of the local economy, coca and PBC. As the coca economy became more dominant in the region, state actors were perceived as invaders rather than providers of order and development. After the guerrilla lost their influence and the threat of eradication or state policies against coca became more prominent again, people gathered behind the cocalero leaders for the defense of coca. In the end, cocaleros understood their marginalization as a necessity that helped them to defend the coca. When PBC and most of the coca production became illegal and was punished by the state, it created an inner circle that needed protection from the state that wanted to destroy this illicit economy. This common fight for coca provided unity and the coca and PBC business became not only the economic basis for the valley, but also its source of local identity. Rules in the area of Monzón and Alto Huallaga were defined by cocaleros and the relationship towards coca. The most important aspect of social control was to defend the coca economy against outsiders and state interference. Consequentially, power structures depended mainly on the relationship towards coca. It evolved into an insider-outsider framework and therefore we can follow that the state itself increased the alienation of an already peripheral region.

Hence, two standpoints on the region existed: an internal and an external one. Internally, the people of the region lived by local rules. In this complex local order which evolved around the coca and the drug economy, state involvement and development became understood as a threat and interference. This environment allowed creating a locked region wherein depending on the coca economy and isolation or underdevelopment was regarded as a necessary step to prevent the destruction of the local economy. These findings are supported by studies in similar contexts within the Alto Huallaga (van Dun 2009; Kernaghan 2009). On the other hand, there is an external perception of the region as “tierra de nadie”, particularly by those supporting an alternative development. Moreover, the external perspective of the state portrays the region as a dangerous zone controlled by an illicit economy, which was also impossible to enter. This ambiguity became a fundamental factor for local order based on the coca economy. Local order developed alongside and also because of the coca economy, in stark contrast to state development. As we will see in the following, the intervention of the state and the eradication of coca in Monzón and the incarceration of cocalero leader had severe consequences for local order in the region.

6.7 After the Boom

The region of Monzón was for decades, de facto outside of the spatial and political control of the Peruvian state. As we have seen in the previous chapters, the absence of state control facilitated the evolvement of an economy which was considered illegal. A local order developed alongside this economy which was alternative to the state. The following chapter will show how the state intervened in the valley of Monzón, after which I will analyze the effects on local order.

6.7.1 State Intervention - Changing the Illicit Economy

Various reasons stand out for why eradication of coca and the illicit economy was possible and why local order in Monzón has changed. These reasons can be subsumed under political and organizational capacities as well as disruption of internal cohesion. Before the state entered and was able to secure its presence in the valley, the situation was tense and curbed through a longer history of resistance by the people of Monzón fighting against forced eradication and alternative development. Until 2010, the possibilities for interventions in the valley of Monzón were restricted, mainly because of logistical and economic restraints to confront the diverse challenges in the valley. Among these challenges were the *cocalero rule*, the presence of guerrilla links in the valley, and political aspects, all of which complicated the intervention in the valley (see also Zevallos 2016; Casas and Ramírez 2017). Therefore, the first step in intervening in the valley of Monzón was to diminish the influence of drug traffickers and insurgents.

Before the major eradication campaigns destroyed much of the coca crops in the valley, a number of selective police operations were carried out in Monzón. For example, in the operation "Fierro" in 2003 state forces entered with eleven helicopters and around 600 men to destroy local cocaine production facilities. They destroyed 76 cocaine laboratories, seized 1,450kilo of dried coca, and 1.2 tons of PBC. The Gobernadora, Alejandra Velarde, had to be evacuated after cocaleros accused her of cooperating with the police (Caretas 2003). Six bigger interventions followed (table 9). However, even if some of these missions included wide logistical efforts, their effects remained limited and the opposition against the state remained high. This changed in 2010, when the local cocalero leader and mayor of Monzón, Iburcio Morales, was incarcerated during the operation "Eclipse". In all, the police detained 152 people, among them were 41 cocalero leaders of the AHV, in Aucaycu, Tingo Maria, and Monzón and were accused of cooperating with Sendero Luminoso and for being involved in drug trafficking.[148] Moreover, other coca leaders in the valley fell into this category as well. In 2011, more cocalero leaders

[148] Some analysts regard the trial conditions as unfair and question the evidence for the strong allegations (Interview LiGom1).

were incarcerated in a large-scale police operation. Among them was Eduardo Ticeran, the leader of the *Poderosa Federación Provincial de las Organizaciones de Productores Agropecuarios* of the valley of Monzón and the CENACOP. Ticeran, Morales, and other cocalero leaders were incarcerated for alleged connections to drug trafficking and terrorism. Iburcio Morales died in prison, while Eduardo Ticeran was released in 2017 after spending six years in prison.

Table 9 Police Operations in Monzón 2003-2010

Operations	*Actions*
2003	Operation "Fiero": In a large operation, including 11 helicopters, the Police entered for the first time the valley in order to destroy drug laboratories and seize drugs. It was the first time the state launched such an operation in the valley
2004	Operation "Monzón"In five days more than 125 drug labs for the production of PBC were destroyed as well as around 2,500 kg of narcotics
2007	Operation "Huracán": in Alto Huallaga with focus in Tingo Maria and Monzón, Capture of 27 persons with alleged links to drug trafficking and terrorism
2009	Operation "Detector": Drug seizures on the road connecting Huánuco and Ancash
2010	Operation "Eclipse": In Aucaycu, Tingo Maria and Monzón 152 are detained for allegedly cooperating with Sendero Luminoso and for being involved in drug trafficking
2012	Capture of "Artemio" Destruction of 10 PBC- laboratories

Source: IDL-R; Carretas 2003; LaRepublica 2004, 2005, 2007; Inforegion 2007; Peru21 2012; Casas and Ramírez 2017

The police operation Eclipse in particular, debilitated the cocalero leadership. Since the majority of the incarcerated persons have been cocalero leaders from the CENACOP, the cocalero movement and the defense of the coca weakened distinctively. Images of the former mayor of Monzón and cocalero leader, Iburcio Morales, who was incarcerated and died in agony, circulated in the press in 2012 (La Republica, IDL-R). This image was devastating. "*It really hurt me to see our leader like this*", a cocalero in the valley of Monzón told me (Moncoclm). The successors who took over the posts of influential leaders such as Iburcio Morales and Eduardo Ticeran, were not as effective in mobilizing support and shielding of eradication. The cocalero committees lost most of its authority. Finally, they could not prevent the CORAH from entering the valley, which undermined one of the cornerstones of their legitimacy, which was to make sure that no eradication campaign could enter. Furthermore, the national cocalero movement lost influence and lobbying capacities without the presence of representatives in the parliament from 2011 to 2016 (Zevallos 2016).[149]

Another key factor that enabled eradication was the capture of the Sendero Luminoso leader in the Alto Huallaga, Florindo Flores Hala "Artemio", on 12th February 2012. Open confrontations with the VRAE section of Sendero Luminoso led to two assassination attempts on Artemio. Although these

[149] Two ex-congress women are currently accused of colaborating with Artemio and of drug trafficking (El Comercio 2017c)

attempts failed, it severely weakened the Alto Huallaga section of Sendero Luminoso. (Casas and Ramirez 2017: 50-51). Additionally, the success of the police strategy, who improved their intelligence work, successively restricted the options for Sendero Luminoso in the Alto Huallaga, until its leader was finally captured in 2012. The incarceration of Artemio dismantled the Comité Regional Huallaga of the guerrilla group in the region. Even if the group did not have a base in Monzón, there were well-established concerns that the group had the capacity to react with violence on eradication efforts (Tijourm1). The de facto dismantling of Sendero Luminoso in the Alto Huallaga reduced threats of violent encounters with an organized guerrilla force substantially. With the incarceration of Artemio and the debilitating of the cocalero groups, the political and armed support for the coca-valley Monzón was irreparably damaged. A platform for the resistance and strengthening of internal cohesion was now missing. Additionally, because of growing pressure from the state and shrinking defense opportunities, drug traffickers and smaller drug trafficking organizations moved to other areas like Pichis Palcazu (Lijourm2).

On the other hand, internal cohesion in the valley of Monzón was debilitated due to several state activities that became more coherent as before. At the same time, internal political alternatives that promoted alternative development emerged and gained support. An outstanding role in this regard was played by the *Asociación Desarrollo y Bienestar del Valle de Monzón* (Association for Development and Wellbeing of the Valley of Monzón) which confronted the cocalero leadership and gathered support (Monexgobm). At the same time to these movements DEVIDA activities were held such as reunions, discussing and promoting alternative development. Thus, before the eradication took place, the internal support for shielding of state programs and alternative development was already shrinking. DEVIDA officials mention that they had already started to communicate with the population before the eradication started in order to sensitize them to possibilities for alternative development. As one DEVIDA official stated:

> "*I went there alone; we could not enter with a bigger group which would have raised more suspicion for the population that we would eradicate immediately. I went there and communicated with the people. We had very hard discussions. But in the end, I think they understood that something needed to change"* (Interview Modevm1).

Apart from the direct intervention and preparation from DEVIDA, private companies such as the Programa Nuevos Alternativas (NAV - New Alternatives) and development organizations such as USAID and UNDP played a role as well. The NAV in particular, worked on the community level, interacting with the local population, organizing reunions, and seeking to convince people to support alternative development programs. The coordination from DEVIDA with these counterparts proofed to be important factors for the intervention in Monzón (Casas and Ramírez 2017). Hence, even before eradication in the case of Monzón, there was constant penetration from DEVIDA and other actors in

the region which had influences on the position of the most radical actors and later on the transformation of the local order. These actions by local actors, DEVIDA, the military, and the anti-drug police DIRANDRO, contributed to a transformation from within before the state agents entered with force and enforced a constant presence of the police and DEVIDA.

Gradually, some local actors changed their perspective towards coca and the illicit economy. Some argued that this was because of their families and because they did not want to go to jail (Moncamcm1) Others indicated they wanted the district to "improve" and that the leaders were unfair and bad for the society (Monexgobm). This faction of internal cohesion was another factor for why eradication became possible. It was therefore a variety of reasons that allowed eradication and that would ultimately change Monzón. Finally, arguments towards the eradication were well-defined. Local authorities and the organization of cocaleros were against eradication, while state agents and development cooperation favored eradication. Cohesion of the state agents became an important aspect for the success of the eradication campaign (Zevallos 2016).

In an interview with the Peruvian weekly *Caretas*, Carmen Masias, Director of DEVIDA, explains that it was indeed a coordinated effort by different state entities:

> *"The first achievement was not ours, but of the Police, when they captured Artemio in 2011 and 42 other terrorist leaders (...) This was crucial to start negotiating with the leaders and authorities of Monzón."*
> *Masias also highlights the immediate consequences brought by the state intervention: "Monzón had 71% of poverty. The population had been between two fires: drug trafficking and terrorism. Then we entered and the State that had been absent arrived with us. The caravans were organized, and the first thing we brought was health, education, RENIEC, because in Monzón there was a large number of the population that had no registered identity. Then they could not enter the Integral Health System (or) to social programs" (Caretas 2017; own translation).*

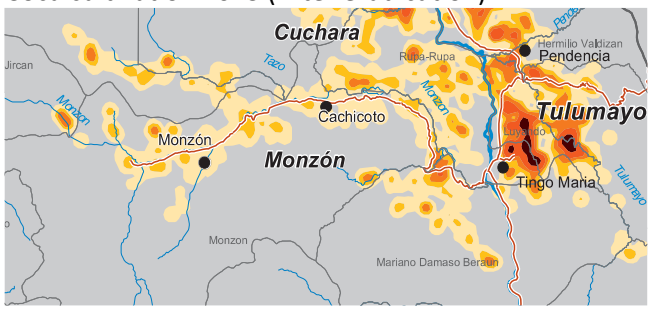
Indeed, for the first time state actors and institutions could enter the region and provide basic services. Still, intervention came as a shock for the population and was not perceived as a salvation, particularly in the beginning. In various interviews, DEVIDA officials gave the impression of seeking a consensual development, in cooperation with the population. However, in Monzón, several remarks by the population revealed that there was no consensual plan for development and even less so for eradication: "*They did not communicate anything. They did not talk to us*" (Monlocpf1). In all interviews with local population in Monzón, notwithstanding the fact if they were in favor or against state intervention, this absence of consent is perceived as a major shortcoming by the state. People felt ignored and felt that their demands were not taken seriously. This added to the obstacles for state officials, who were perceived as invaders, and it was one reason why state intervention in Monzón did not go unchallenged.

In 2012, forced eradication began in Monzón and destroyed most of the coca crops in the valley. 2,650ha of coca were eradicated in 2012 and in 2013, eradication campaigns continued and destroyed 7,737ha (UNODC 2013).[150] The eradication was not unchallenged by the local population and in violent clashes in 2012, two people were killed (IDL-Reporteros 2012c). However, there was no larger violent confrontation afterwards. As a former cocalero said to Caretas (2017): *"The state came in. It took the decision for eradication. And you cannot do anything, with the military, tear gas bombs and the death of two or three. You have to decide. I can work and live. Dead I can not help my family."* (Caretas.pe 2017).

Figure 3 Deviation in Coca Cultivation 2011-2013

Coca cultivation 2010 (Before eradication)

Coca cultivation 2013 (After eradication)



Source: DEVIDA 2011: 21 and DEVIDA 2013: 25

The eradication campaign continued and ultimately resulted in the end of the coca economy in Monzón. The graphic shows the extension of coca cultivation in 2010 compared to 2013, and represents a clear diminution of coca extension. The graphic not only shows the vast extension but also the dramatic change of coca production after the eradication. In 2012, the valley accounted for around 65% of all coca in Alto Huallaga, and around 11 to 15% of all coca production in Peru (UNODC

[150] In total, 14,234ha coca was eradicated in the region of Alto Huallaga and Aguaytía in 2012 (UNODC 2013)

2012). Eradication had a major impact as coca production reduced from 7,005ha in 2011, to 393ha in 2014. This resulted in massive economic changes for most of the 13,000 inhabitants (INEI 2007).

Table 10 Social Programs in Monzón[151]

	Social Program	**Province**	**District**
		Humalies	Monzón
Cuna Mas	Children	0	0
	Families	1,014	88
Juntos	Affiliated Households	6,590	1,332
	Subscribed Households	6,176	1,267
Pension 65	Receivers	3,439	489
Qali Warma	Children	12,283	2,988
	Educative Institutions	327	81
Haku Wiñay	Haku Wiãy – concluded projects	500	/
	Projects currently executed	5	/
Source: MIDIS (2017)			

The official story of the state intervention for Monzón conveys the story of a "rescue" of the people from violence and poverty. A similar story is told by the 2015 published brochure on Monzón (DEVIDA 2015). In fact, today we find several state investments and agencies in the region. Public investments in the valley of Monzón increased from 2008 to 2012. While in 2008, the investment in the district of Monzón was at 6,5 million Nuevo Soles, the number increased successively to 14,5, million (2010) and 19,8 million Nuevo Soles in 2012 (Garcia 2013). The valley of Monzón was for a long time inaccessible to state agents and also to state development programs. Consequentially, access to social programs is relatively new for the local population. Today there are several social state programs such as *Juntos*, Qaliwarma, Pension 65 or Cuna Mas. A broad variety of state institutions are now present in the valley, which include security institutions, education facilities economic agencies and social agencies (Table 11). Hence, the attempt of including the region into state services was undertaken with high levels of investments and state projects. Nevertheless, public perception remains critical towards state

[151] *Cuna Más* supports families with children under the age of three for their basic necesities, *Qali Warma* forsees the alimentation for children in schools, Juntos, supports families fanancially with young children, Pension 65 is a monthly pension for elderly people; Haku Wiñay technical assistance and a small asset transfer to rural households. The Fund for Economic Inclusion in Rural Zones (FONIE) particularly features the affiliation to Alto Huallaga or VRAEM as a condition that enables them to profit from funding. FONIE inverted 440,000 Soles in 2017.

intervention and even if more money was invested, eradication extensively affected the valley of Monzón.

Table 11 State Institutions in Monzón after Eradication				
	Security	**Education**	**Economic**	**Social**
Institutio[152]	• Ejército Peruano Monzón, Cachicoto • Comisarias PNP Monzón, Cachicoto and Palo de Acero	• inicial, primaria, secundaria. • Filial de la Universidad Hermilio Valdizan. facultad de agronomía • Instituto Superior Tecnológico Público Mariano Bonin	• Agencia Agraria • Devida oficina de coordinación en Cachicoto • Banco de la Nacion • PROVIAS	• Programa Juntos • Programa pensión 65. • Quali Warma • Cuna Mas • Vivienda Rural • Puesto de Salud

Source: Own elaboration

The possibility for the state to intervene in Monzón was based on a variety of reasons: on security reasons with the capture of Artemio, political reasons by incarcerating cocalero leaders, and also social reasons that led to an internal fragmentation. All of these factors improved the possibility for state intervention and lowered the risks for the state when intervening in the area. The intervention destroyed the coca economy and had further far reaching social, political, and economic consequences and consequentially for the local order. The following will analyze the effect of the state intervention on the local social order and the perception of local economic options.

6.7.2 Post-Eradication Economy

A particular challenge for this section was the availability of data. Since the latest economic data is either based on information from 2007 (INEI 2007) or 2012 (UNDP 2012), the time before eradication, the following will be mainly based on my own data collected during fieldwork.

During a conversation, a DEVIDA official painted a very dark picture of the time before the state entered the valley: there would have been abuses against women and children, people getting drunk, no education, no health support, and a general underdevelopment of the valley. The entry of the state would now allow development for the first time in an abandoned region (Devof4m). While these aspects including the possibilities of state intervention and investments or infrastructural developments are certainly true, and as I have shown many social institutions now work in the valley, still many people in Monzón are disappointed with the state.

[152] Furthermore, I noticed the following non-state organizations, that have been or still are active in the Valley of Monzón: NGOs**:** Instituto de Cultivos Tropicales, *Centro de Información y Educación para la Prevención y el Abuso de Drogas* (CEDRO), Nuevas Alternativas (NAP). Private companies: ENEL Perú: Construction of powerplant Generación Andina**:** Construction of two powerplant, CASA: Firm that executes the pavement of the road Tingo María – Monzón – Casma.

After eradication economic consequences could soon be felt by the local population. The abrupt entry of the state came as a shock for the socio-political system of Monzón. While the eradication approach destroyed most of the illegal crops, at the same time, entering the formerly "inaccessible" valley with several government programs at once, gives the unique opportunity to study a region in transition and also to examine views on the state. Because of Monzón´s geographical location, there were only a few possibilities to hide coca fields or drug production facilities. Former coca farmers therefore had three options: stay and work within a government program for alternative development, stay and work on construction site that came along with state investments, or move and try to find another spot for the production of coca or PBC. A former cocalero said, that many he knew migrated to find another spot to grow coca:

> *"Well, they migrated. From here they go out and go deeper [away from state influence] continue to plant coca and do the same thing. Because the production of coca is more profitable here in Peru, here in the valley. That's why they say that with one hectare of coca they already have to live. Instead, coffee is harvested once a year. And what do you do during the year? Also, when you are young, what do you do in those years? You have to wait 5 years. In those 5 years you eat. What you live from until than and the harvest is once a year. For cacao it is the same situation."(Monenm1)*

The economic consequences of eradication are openly visible. During my first visits to Monzón I met the owner of a small shop, Martha. Every day, except Sunday, Martha opens her small store early in the morning. She pulls up the roller shutter adjusting the counter where she is hoping to sell parts of her stock ranging from potatoes to sandals. She does not switch on the lights, "electricity is too expensive" she says (Interview Montienf). Then she sits down in her plastic rocking chair in front of the shop and waits for customers. "It is a typical start in the day", she says, looking on to the main road in front of her shop; a muddy gravel road full of holes. Only a small group of middle-aged men in overalls and helmets walk by, heading to the new construction site of a hydropower plant. Besides these construction workers, there are few signs of any working activity. Although she opened her shop as every other day, Martha is not expecting anybody: "*There are no people anymore and there is no money, people do not have money. The economy is bad* (…) *Because there is no coca anymore. Everything is really sad*" (Interview Montienf). It is striking that only a few people can be seen in the age range of 18 to 35; most of them are working on the construction of a hydropower plant. The once busy center of the district of Monzón is now a quiet place and it is hard to imagine that this was once an epicenter of drug production and trafficking in Peru.

In an attempt to analyze the local market, I counted the number of businesses close to the plaza central (Table 12). What came as a surprise during my first visit to Monzón was the number of hotels. I counted six and all of them were relatively old except one. During the time of the coca boom, there were more frequent visits by people doing business with PBC or Cocaine. When peasants from nearby villages

came after their harvest of coca to celebrate, they also stayed in the hotels. Finally, farmhands who helped in harvesting coca found a place to stay in the hotels, which were later used by NGO workers.[153]

Table 12 Businesses in Monzón

Hotel	Bar	Restaurant	Grocery stores	Clothing	Beauty salon	Bakery	Stationers	Church	Tradesmen	Butcher	Pharmacy
5	2	8	18	6 (one year before 10)	1	1	2	4	3	1	2
Counted within two blocks from plaza de armas											

Today, many of these hotels still exist. This time the hotels are booked not because of drug traffickers, but mostly because of construction workers of the hydroelectric power station in Monzón. The investments in the hydroelectric power plant and investments in infrastructure also explain the relatively high number of restaurants. These infrastructure and hydropower projects seem to be essential for the local economy. An owner of a restaurant told me that they depend on the investments because workers would be their most frequent guests. As I was told, one of the most obvious changes that was visible is the number of bars. During the boom time of the coca economy there would have been ten bars, now there are only two left. One of them opens frequently and is mostly empty.

The survey conducted for this study in Monzón and in the nearby regions of Huipoca and Subte de San Jorge which experienced a similar history of coca dependency, gives some indications on the economic situation of the region. The two additional areas will be used as a means of control and comparison to the results found in Monzón. Huipoca is located in the nearby district of Padre Abad, half way to Pucallpa, also a former center of drug trafficking. Alternative development is promoted in forms of palm oil or cacao. Subte de San Jorge is close to Tingo Maria.

Asked for their perception on the economic situation of eradication shows that the majority indicates they do not have enough economic capacities and are mostly disappointed with their own economic situation (Figure 4 and 5).

[153] As an NGO worker told me about the time he first stayed overnight: „I choose the hotel with the brick walls and in the rooms by the courtyard. The reason is that inside I felt safer and no bullets ("balas perdidas") went through the walls." (Interview Monongm). In fact, unlike wood or mud, concrete was impermeable by bullets. A fact that was also described by Kernaghan in the case of Aucayacu (2009: 170).

Figure 4 Perception of Economy AHV

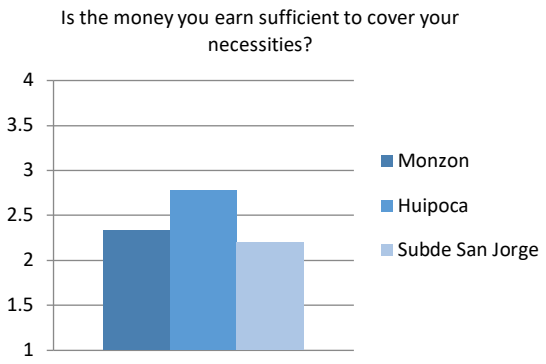
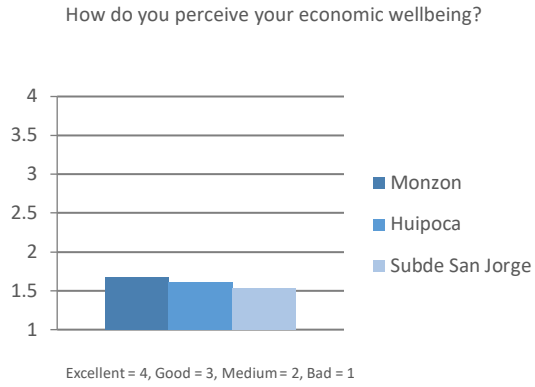


Figure 5 Economic Wellbeing AHV



A survey conducted by DEVIDA in 2013 came to similar results and most people indicate their economic situation as to be worse than before. But at the same time, the survey indicates that they are not against eradication per se, but rather wanted a longer transition phase in order to be able to change their crops (DEVIDA 2013). When I visited the region on several occasions, I received similar answers:

> *"Now they first eradicate, then they want to plant something else. For example, here in this valley you cannot produce cocoa, only coffee. Not even experiments have been done with other plants such as, lúcumas, avocados. Other plants that can be produced in the area. They have never made studies" (Interview Monenm2).*

These accusations are denied by DEVIDA officials, who state that they know what can be produced in the area and that it would be a question of the correct treatment. While a statement on the correct agricultural treatment of the fields lies beyond the study, it seems that there is a general disappointment by the population on the state. Furthermore, the statements recorded also of those that are part of a government program reveal dissatisfaction or even distrust to the state and state programs; as for now.

The perception of the eradication seems to correlate with the economic inclusion and personal success after eradication. Those who were more successful in the time after the eradication were more likely to be positive towards the eradication and the entry of the state. I received the most positive remarks from people who actively promoted their coffee or cacao plantations. We can hold that today two groups of actors are present in the valley. Those who profited from the eradication campaign and do emphasize on positive changes. These include the changes in local habits, less violence, and more possibilities to develop for the whole district. This group consists mainly of cafetaleros with ambitions to export their products or people cooperating closely with DEVIDA. They do have explicit expectations from the state, such as the construction of a coffee roasting house for more added-value to their products or the improvements of streets to improve transportation capacities. The other group emphasize on the importance that coca had and see in the intervention a reason for all the bad –

economically, culturally, and for security (theft, violence, changes of local habits). They have clearly opposing views on the eradication and the advent of the state. This group has mostly lost economically and more importantly, lost their influence as well. Mainly driven by economic uncertainties, their main complaints concern the economic downfall in the light of the loss of coca and that the alternative products did not produce alternatives to most of the people.

DEVIDA provided seeds and technical training for planting coffee or cacao, which would provide peasants economic opportunities as alternatives to the coca. However, these crops require bigger plantations while most peasants in the Alto Huallaga have small parcels of land ranging from 0.25 to 3ha. In Monzón, the average land holdings are even lower (Cabieses et al. 2013: 5). While coca offers a secure income and can be harvested the first time after six months, the provided alternatives cacao or coffee need three to four years until they can be harvested for the first time. Moreover, coca can be harvested three times a year and can be sold immediately and is often picked up directly at the field. Alternative crops on the other hand, can only be harvested once a year and need to be transported to the market which takes a bigger effort because of the infrastructural situation. Additionally, the agricultural soil is exhausted by the years of coca planting and using of chemical products, which affects the agricultural output of alternative crops.

Paradoxically, in order to be able to plant alternative crops, some peasants still plant coca. While visiting two former coca farms that now receive government assistance for planting cacao, it was clearly visible that one was still planting coca because the freshly harvested coca field was just beside his new cacao plantations. When asked why he is still planting coca, one peasant answered: “We do not receive enough money for our products that is why” – And who are you selling the coca to? “Well there is ENACO” – And you are selling to ENACO? – No answer to the last question (Interview Mocacm). Also news reports affirm that the production of cocaine did not completely vanished from the valley and various laboratories for drug production and illegal coca fields have been destroyed also some years after erradication (Inforegion 2015, 2017).

Similarly, in Aguaytia it became clear that the coca economy is not completely eradicated albeit in the presence of eradication efforts. During an interview, a police officer in nearby Aguaytia told me how drug trafficking still continues: *"From here a kilometer you could find a production facility where they produced the drug, now it is no longer there. One has to go look for it, with intelligence and with much risk of ambushes going into the jungle. Now you walk 6, 7 to 8 hours. More care is taken, for the eradication of the coca leaf since 2011, 2012, 13, 14 to minimized production, but drug trafficking continues. "(Agupolcm).* People sporadically pay in US-dollar, even if it is not as common as it used to be. During field research, I experienced this form of payment twice. A woman paid in a small local

grocery store without any problem and no questions were asked with regard to a 20 Dollar bill in Aucayacu. In another instance, a man wanted to pay with a Dollar bill in a restaurant, which in this case was not accepted. In both cases, there was no expression of surprise, neither in the restaurant nor in the small store. Nobody replied when I asked if this happens frequently, or when I expressed surprise to see US-Dollar bills in an area with no tourists or any obvious source for US-Dollar. Also, my curiosity to what people would do with the US-Dollars (change it or pay with it themselves) was only answered with a smile. The persistence of drug trafficking in the wider region of Monzón and Aguaytía is also supported by recent reports on drug seizures in the area and even illegal flights for drug transportation ("narcovuelos") (LaRepublica 2017; El Correo 2015; Gestión 2015). Drug trafficking still continues, but on a much smaller scale than before.

State investments in the valley of Monzón are visible, streets are being paved, bridges are being constructed, and alternative development is supported. But three or four years after the eradication of coca in Monzón, it becomes clear that not everyone believes in the development alternatives offered by the state. The depiction by state officials to present Monzón as a success story and a form of humanitarian intervention is not shared by all inhabitants. Most of my interview partners highlight the importance of coca and do not refer to state investments as similarly valuable. On the other hand, they do not imply that they want to plant coca or produce PBC again, instead those who are more critical towards the state stress on the importance of more state investments. In other words, the population seems to are seeking more state integration and not less.

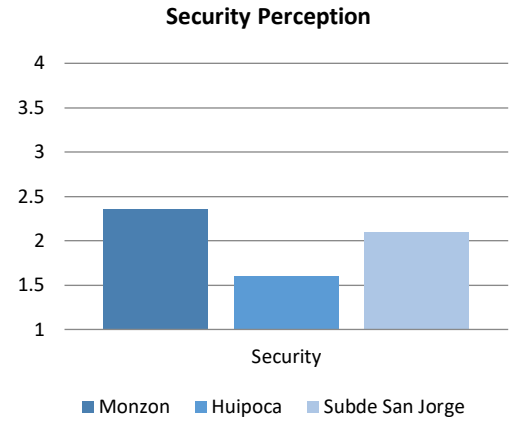
6.7.3 Security and Security Perception

For a long time, the valley of Monzón was seen as a dangerous place, due to drug trafficking and the presence of remnants of Sendero Luminoso in the region. As we have seen, outsiders could not enter without permission, there were reports on violence in relation to drug trafficking, alcoholism and the guerrilla was common and is still mentioned in recent reports and media articles. The following will analyze how the security is perceived today and how perception changed after state intervention. Secondly, I will analyze the security structure and trust in security actors in the valley (in comparison to Huipoca and Subte de San Jorge).

Shortly before my first field work in the Upper Huallaga Valley at the end of 2015, comments from people in Lima stated that I should take care and be careful in this part of the country. Perceptions in the capital on the region are still dominated by its history of guerrilla domination and drug trafficking. Even in Tingo Maria, the bustling "hub-town" and last urban center on the way to Monzón, a hotel

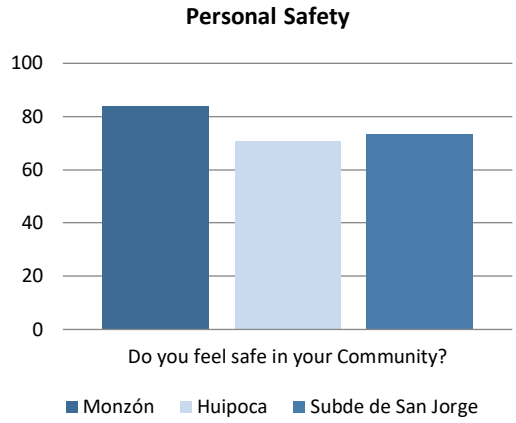
owner voiced concerns the night before I went to Monzón. Arriving in the valley of Monzón, I experienced the opposite of what I was told, a very calm situation. People walked without signs of hectic rush during daytime, sitting in front of their houses talking. After sunset and on the weekends, I did not perceive many changes, the setting was rather quiet. During the nightly volleyball match in the central plaza (*Plaza de Armas*), parts of the population gather in front of the church. Again, most people mentioned that everything was calm around here ("todo tranquilo"), which I came to confirm. Yet, despite this calm atmosphere, the security perception is relatively low in my survey of Monzón, Huipoca, and Subte de San Jorge. At the same time the the perception of personal safety is very high (Figure 7), with more than 80% of the respondents in Monzón indicating that they would feel safe. The difference between personal safety and the overall security perception is striking. The interviews in the valley of Monzón indicate that there are two factors that stick out for the opinion of local security: the reference to coca and the drug economy as well as the reference to security institutions.

Figure 6 Security Perception AHV



N = 59

Figure 7 Personal Security AHV



N = 59

Still, security seems to be correlated to the relation with coca or the reputation of the valley. When I asked an NGO employee who works in the valley for two years if she feels safe, she answers:

> *"At first no, I was not sure because there were people who called me a spy and I'm coming to see who is a cocalero, but maybe they said this because of their inexperience. But time has given me reason and it is not dangerous. Now for example I have students who are taking the courses that we give and we do well." (Monongf1)*

People relate the security situation to the economy, highlighting that poverty would translate to domestic violence. But at the same time, inhabitants report that homicides have gone down after eradication:

"In other words, there is more violence in the sense that there are more family problems because of economic problems. There is more violence in the homes. But there are no deaths without reason because the drug trafficking as there were. Adjustments of accounts, killed for money, assaults, different things back then." (Monresm1)

Several interview partners highlight similar aspects and mention that life is much calmer as compared to the time before 2013, and that state presence lowered the threat of violence or vendettas:

"To begin with, there are no assaults and if there is going to be an incident, a thousand one. Life can be fulfilled here in complete peace. We can celebrate a birthday, I sleep with my window open and nothing happens. Since the presence of the police has restored we have tranquility and peace "(Monedum1)

Now do you feel safer that the police are present?
"Sure, a little more because there is no fear that for a slander they kill you, without being tried. For no reason killed you" (Monresm1)

Other remarks indicate that the fear of theft is growing in comparison to the time before. Many indicate that before there was no crime because the CADs would have punished the person harshly – now the police would be too soft and the judiciary is not working and is corrupt. Thus, they argue that with the arrival of the state, criminality is growing since the mechanisms of state forces are not sufficient to prevent crime.

"Because they know very well, "Ah, the police are going to grab me, they are not going to charge me, they have no prisoners, they're going to leave me." In contrast, the people do not say that, on the contrary: you get caught and you get massacred (...) for example in the last year there were many robberies there were assaults. This is the issue now. People are aware that the police take them to the police station I give my statement and I get released. You can not touch this person because he is under the law. All thieves, the rats, know this. " (Monjuezm).

Of course, these perceptions on security are subjective and taken in the comparison with the past.[154] But the number of violent encounters on the streets and particularly on the weekends seem to have not only decreased but disappeared. This was my impression also by night with only dimly lit streets and few people outside. On the other hand, the lower economic outcome is a recurring narrative concerning security and related to domestic violence or robbery. The perception of robberies and a higher possibility of petty crime is often also related to the security institutions. Hence, the perception of personal security is relatively high, while the perception of the overall, or we might say "public" security is only on a medium level. In part, this is related to the security actors present in Monzón.

[154] it needs be highlighted that sometimes it was not clear to which time people were exactly referring to. When I was specifically asking for the time between 2000 and 2013, follow-up questions revealed that the answers mostly referred to the time of the 1990s. These differences are important because it was the time of broader guerrilla presence that resulted in another type of rule and another type of violence. For the analysis, these particularities are taken into consideration.

Security institutions in the valley of Monzón include the police, the military, and the autodefensas. After eradication, the state quickly installed polices stations. DEVIDA praised the fact that local order could be reinstalled in the AHV region, which included the presence of 20 commissaries. In the valley of Monzón, there are three new police commissaries. The police station in the urban center of Upper Monzón was established in 2013 (Caretas 2013; Interview Monpolcom). Besides the three police stations there are two military posts, one in Chachicoto and another one in Monzón. In Monzón, the military is regarded as the security institution that "rescued" the region from the influence of the guerrilla. Based on this perception, they enjoy higher levels of trust than the police. Another institution is the autodefensas who have been important as providers of security. The autodefensas are still referred to as an important institution to keep order. However, since the police arrived in the valley their influence decreased considerably.

Each police station is guarded at all times by a police officer, armed with a rifle. This security measure is also related to the status of the region as an emergency zone, which was lifted in 2015 after more than 30 years. Analysts regard this as a belated step, since the original reason for the emergency zone was to provide security in regions affected by terrorism, since after the capture of "Artemio", this threat was essentially diminished (El Comercio 2015; Zevallos 2016).[155] The police does not have a good reputation in the valley of Monzón. Many inhabitants of Monzón still say that the police abandoned the population in the past when the guerrilla entered the valley, and left the people alone during the 1980s (Interviews Monlocp1). Additionally, there are many complaints about police misconduct or corruption, these aspects lead to the negative understanding on the police:

> *"The police always have a bit of a bad name they have never had a good reputation. Because the people here work in agriculture they do not work legally. They work informally. (...)They [The police] come here to make their rounds and people say they are bothering. Taxi drivers say they are bothering them. The police are always famous for asking for money. "(Monresm1)*

Corruption appears to play an important role in the region and is often mentioned during interviews.

One experience during a shared taxi drive towards the valley of Monzón, showed this type of misuse of power and arbitrariness. The police stopped the taxi I was riding in, and the young driver, Manuel, had to step outside the car. It was just his third week working as a taxi driver and he mainly drove the way from Tingo Maria to Monzón and back. While I could not hear what they were saying, it was obviously a lively discussion between Manuel and the police officer. After several minutes, the officer took him to the back of the car. After a few minutes Manuel got back in. He told me that he had to pay 20 Soles. "What was the reason?", I asked. Manuel explained that there was no real reason and that

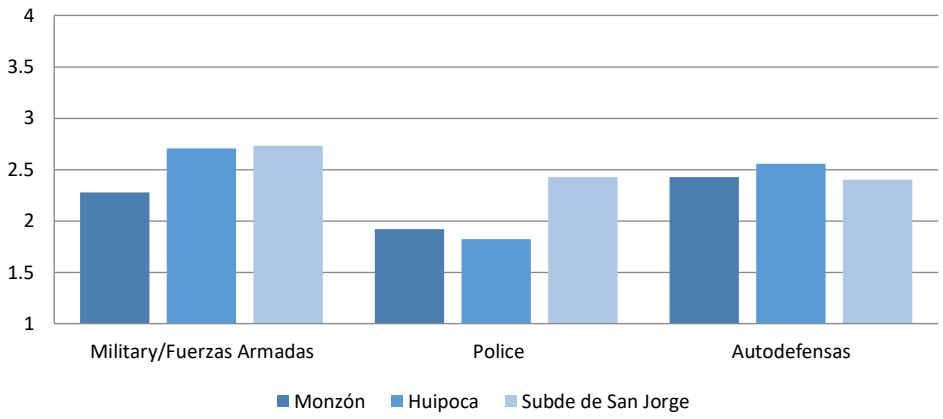
[155] Interview with Gustavo Gorriti: "Se han demorado en levantar emergencia en el Alto Huallaga".

he did not get a ticket. Instead, he explained that as he is new in the taxi business, the police officer demanded that he pay a tribute to the police so that the next time they would not control him anymore. There was not really a choice, Manuel explained, either you pay or you will get troubles. "*Así son, así es la vida*" (-That´s how they are. That´s life) said one of the passengers, the other passengers agreed.

Besides cases of corruption, people tell me that the police are not reliable and are not helpful if something happens. The police seem to be isolated from the common population. When asked what they think about the state, common answers from the population included "They are only going after drug dealers, but here are none", "they are annoying", "they always want something" (Molocp). It is striking that the police make its presence felt by showing up for public events, or walking in big groups through town. During a talk with an inhabitant, a group of young policemen crossed the street, going straight through the village while people were looking at them. They were on the way to a football pitch nearby. The person I was talking to explained that they are generally seen in bigger groups and would not be interested in helping the community. I got the impression that the police in Monzón is still detached from society and that it will take some time to include them.

When asked in a survey about how people perceive the work by the police, the perception is on a medium level (2.1 when 4 is the highest level and 1 the lowest). State security institutions do not enjoy a lot of trust – and I got to know about complaints regarding corruption and misuse of power.

Figure 8 Trust in Security Institutions AHV



N = 59

Surprisingly, the majority of the participants in the survey in Monzón would go to the police when experiencing violence. 56% indicated that they would go to the police, while the next group, community leaders, was only named by 23%.

The relatively low perception of overall security does not necessarily represent a de facto increase in insecurity. But there is an indication that the growing presence of state security might lead to the perception of less violence but not necessarily to the perception of more personal security.

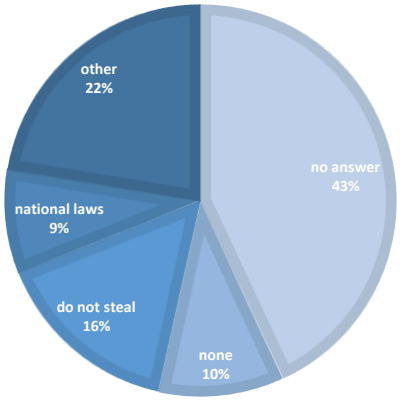
The presence of the police, in combination with the eradication of coca has reduced the number of actors in the sector of security. There are no hitmen or guerrilla forces anymore, while at the same time with the arrival of state security forces, options for autodefensas to operate are restricted. The survey data indicates relatively low levels of trust for the security institutions (Figure 8), it is striking that neither the police nor the autodefensas enjoy high levels of trust. While many would go to the police either way when experiencing violence, it is not necessarily an indication of trust but of a lack of alternatives. One explanation for relatively low trust in autodefensas could be that with the presence of state security actors, they now have fewer options to operate. At the same time, state security actors still lack trust and are perceived rather critically by the population. The presence of state security actors implements a new security system that reordered the former security architecture, which is yet to be implemented. Thus, we can conclude that state security actors are not excluded as such but rather that expectations are not met by the state, which than in turn leads to a disappointment of the population and an understanding that security provision under the previous order was more accepted, when it was basically provided by the autodefensas or "the population". This notion of low low police legitimacy and the presence of a variety of security actors is not uncommon in the Latin American context (Auyero 2007; Arias and Goldstein 2010; Müller 2012). However, in the case of Monzón after eradication we do not see an open contestation of the police power or entanglement with other actors, instead the case shows that the police were able to build an uncontested monopoly of violence in the region but it is still lacking in legitimacy. In the case in Monzón, three main aspects affect trust in the police: the focus on illicit economies and corruption as well as the low connection to the population. This in turn prevents the strengthening of security perception.

6.7.4 Rule in the Post-Illegal Coca Boom

In terms of the rules that were being implemented, there have been various changes in the post-coca phase in Monzón. *Now that the state spatially integrated Monzón, rules and rule implementation have cha*nged. Some interviews indicate that there are still people who do not know the rules and norm. In the survey realized in Monzón I asked what the most important rules are, 60% gave no answer and only 4% consider national laws as the most important rules in society. That can also be compared to the similar regions that are included in this study, close to Monzón. If we include Subte de San Jorge

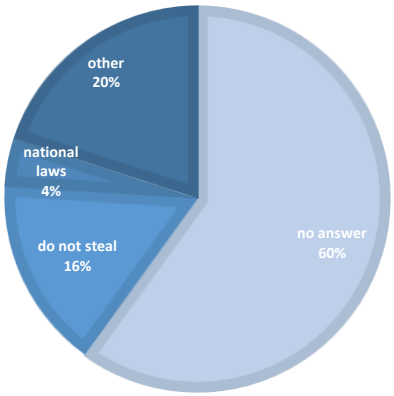
and Huipoca into the analysis, areas that have already been eradicated before the survey, 53% gave no answer or said there does not exist any rule. Only 9% referred to the national laws as the most important rules for the society.

Figure 9 Most Important Rules in Society (AHV)



Survey N = 59 (Monzón, Huipoca, Subde de San Jorge)

Figure 10 Most Important Rules in Society (Monzón)



Survey N = 25 (Monzón)

The effectiveness of implementation of state rules remain questionable, as a farmer in Monzón told me: *"There are many people who do not know the rules laws maybe by ignorance or omission they can go against it." (Moncamcm).* Acceptance also depends on the local police chief who changes every year. The new police chief in Monzón, who I met in 2015, was pushing for a compliance with minor rules which includes the wearing of a helmet when driving a motorcycle. This is an example for a rule that simply did not exist before and brings even the local Juez de Paz to issue the following statement: *"I am not wearing a helmet when I am just driving from one side of the town to the next. What for? For driving around the corner? That's insane*" (Monjuezm1). These are common exclamations when asked about new norms and rules implemented after the arrival of the state.

> *"You buy a motorcycle and you do not have a license plate, you do not wear a helmet, you are informal, you do not pay your taxes to the state as it should be. And the police come and have their standards and demands. It starts to annoy and makes the citizen uncomfortable. In that sense before we were better off without the police." (Monresm1)*

On the other hand, there are also perceptions that there was a need to implement rules. Moreover, the Juez de Paz stresses on the importance of implying rules in society, but he also explains about the difficulties in doing so:

> *"People feel uncomfortable, by the municipal regulations because the police are giving order now, that does shock them, no? All the life you have lived like this, you are well off, but now you have to change. So we are sensitizing the people, the police, the municipality, the court and the authorities we are sensitizing the people. You have to put them in order. Because before it was no man's land, Monzón was considered bad by society." (Monjuezm1)*

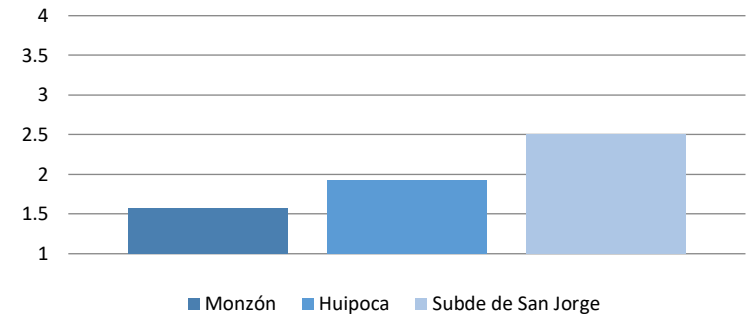
The police chief points out that it begins with the compliance with minor rules to keep order in the district. The chief also does not deny differences with his predecessor, but highlights that given the long absence of state authorities, rules need to be implemented "little by little*" (Interview Monpol1).*

The former president of the autodefensas said that before state institutions came into Monzón, there were fewer problems with robbery and petty crime. When asked why this was the case, he replied:

> "*When there was a robbery the autodefensas searched for the rat ("ratero" – a word commonly used for thieves) and we found him. He never stole again because we hit him, we hit him really hard. Everybody knew that. Today nobody fears punishment by the state, the law is protecting the wrong people. (...) Human rights are a menace."* (Interview Monm1).
>
> "*Here people did their own justice. They did not call the police because back then they did not exist. Each has his own justice and captured the thief. Then the thief was scared* "(Monjuezm).

It is frequently mentioned that the current judicial system is ineffective and that due to corruption many people are left unpunished. Most indicate that corruption is an easy way out for perpetrators and that therefore most do not have to fear punishment. That view is often contrasted to the times before state intervention, when rule implementation or punishment was perceived to be more successful. Consequentially, the state judiciary is only low trusted by the population, which is supported by the survey data. Figure 11 shows that Monzón had the lowest levels of trust among all regions in the study. In Monzón, they reached the value of 1.6 with 1 indicating no trust at all and 4 indicating complete trust. The other districts included for this study show low levels of trust as well.

Figure 11 Trust in Judicial Power AHV



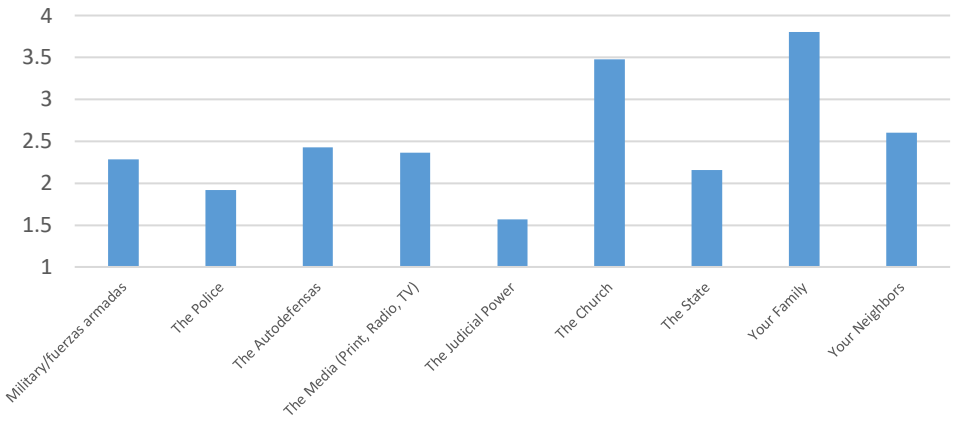
N = 59

As the analysis has shown, after the influence of the guerrilla decreased, internal rules were mostly based on the premise of sustaining the coca business and it was the number one priority to keep this economy alive. Internal rule was based on keeping a cohesive front against eradication and supporting the coca economy. The precondition for this was an external threat of eradication from the state, which served as the foundation for cocaleros and powerful actors in the valley to establish rules. Within this peripheral region, corporal punishments or economic castigations, for example, in the form of the

destruction of coca fields were commonly used to put internal rules into practice. All of these practices changed after the destruction of the coca and the establishment of state institutions, particularly the police bases. Sporadic contacts with state security forces in the valley of Monzón and the random contact with state rule changed to constant presence of state actors in the area. Today, after the destruction of the coca economy, state security forces do not represent a threat for the local economy and the former rule based on coca does not exist anymore. At the same time, it seems that people have still not internalized state rule and it is not perceived as beneficial for their lives. Additionally, the perception of corruption undermines the credibility of newly established rules.

If we compare the levels of trust for different actors we find that trust in judicial power, in the police and in the state are the lowest in the region. The highest levels of trust we find for the family, the church and the neighbors. These findings from a survey with 25 participants, supports main aspects of my interviews and the observations I made in the region. Particularly that the state and state institutions are not trusted. A second aspect is that there is no high trust in other local actors in the valley of Monzón, besides the own family or the church.

Figure 12 Trust Monzón



N = 25

There are two dominant arguments concerning increasing state involvement. Most interviewees indicate that they do not oppose the state as such - most welcome state agencies and state services, and also welcome the alternatives provided by the state. One school teacher states:

> "(…) *Today, there is another mentality. Before it was all alcohol, party, not now. Now they abstain. There is a radical change, but the state must protect those changes*" (interview Pedro Monm3).

But there is also a perception of imperfect implementation of rule. Even though state presence increased in Monzón, in view of the second argument, people in Monzón are still very critical towards

the state, in spite of the new variety of state institutions in Monzón. Some of the most explicit criticisms towards the state concerned the perceived miscalculation for alternative development:

> "*For example, they give you coffee, at an early stage, from macheateado (a planting clean of herbs and weeds) until it grows three years. That would be government support. What kind of support is it? You get a bag, a few coffee bags. The farmer will not be able to do anything; agriculture will not change. That's why you will not see a change*." (Monm1)

Furthermore, trust in the state is generally low and related to low levels of development, which seems similar to other areas within the study and with data on the national level.

> ***"****People do not trust the state. Because you have to think how many years of creation the Monzon has, look at what conditions we live in, we have no water, no drainage, its streets, its sidewalks, we are not developed at all. Then in the case of water and drainage, they promise already for two, three periods improvements, the mayor enters and it does not come true, so what can we expect?" (Monresm1)*

According to the official reading, the intervention has established "a rule based order" and that in earlier times, the region was a no-man's-land ("*tierra de nadie*"), as indicated by leading figures of the anti-drug agency DEVIDA (Inforegion 2013). Reports on Monzón imply a social disorganization and potentially high levels of violence and suffering.

Also, people from the outside and unknown to the inhabitants of the valley are still mistrusted today, strangers are closely observed. The first time I entered the valley during field research, people asked me several times if I worked for an anti-drug agency. Although I have been talking to local authorities and explaining to everybody in detail about what I was doing, during an interview, a former local authority told me right at the beginning, after I explained the purpose of my visit: *"I know you. I know you are here walking around, talking to people. People told me you are an agent. There was another agent here walking around, just like you. They kicked him out." "No, I am not an agent" "You work for the DEA, eh? For Interpol?"* (Monexgobm). A situation that was repeated in one other occasion. Strangers now seen in Monzón are usually civil servants or working in the infrastructural projects launched by the state, but traditionally the population still regard them with suspicion.

Summing up, the newly established rules are yet to be implemented by the state but also yet to be completely accepted by the population. People do not view the rules as being just and beneficial. They still feel alienated by the newly established rules and legitimacy of the state in the post-coca boom rule is still low. After decades of being outside of state control, the contact to state rule and laws is now real. Today, the state is not only a symbol that stood for the threat of eradication and neglect, but it became the most prominent actor in terms of rule making and rule implementation. Hence, state intervention not only destroyed the local economy, but also affected the previously existing local rule.

6.7.5 Power in the Post-Coca Local Order

We have seen how state intervention affected the economy, the security, and territorial rule. Following our conceptual premise, these are key features of local order that are constituted by actors and institutions. The following presents how these changes played out for power structures in the region. After the eradication and state intervention, the preconditions for gaining power are reversed as opposed to the time of coca rule. Now actors who support the coca economy are those with less power. Having at the least a critical attitude towards the coca economy became a precondition for power. It becomes visible that state intervention created a new field of power which does now not depend on coca but on the state instead.

After state intervention, some actors vanished completely, such as some powerful cocaleros because of factors like incarceration, death, or migration and also because campesinos changed their coca crops into alternatives. (Ex)Cocaleros are still present and are also organized, as it became visible in during a demonstration in 2015 in Tingo Maria as well as when Eduardo Ticeran was released from prison and a homecoming event was organized for him in the lower parts of the valley of Monzón. Numbers of drug traffickers also decreased substantially because there was essentially no major drug production anymore – at least not on a bigger scale. Other actors are new, state actors such as the Police, DEVIDA. With state the basis of *capital* changed and became more related to the state. Actors did not change entirely, however their position within the field and their basis of influence changed. Furthermore, some additional actors came into play like the police and others providing economic alternatives or holding up the pressure against illicit coca plantations. At the same time, the number of groups that use or could use violence, decreased significantly compared to the time before eradication, including *narcotraficantes, firmas, and sicarios*. Now, the police is the only institution that can effectively use violence and coercion.

The overshadowing topic is the economy and missing financial opportunities since coca is gone. Thus, political institutions are evaluated in their capacity to promote economic development. When people were asked about the single most powerful actor in the interviews or the survey most either referred to nobody in particular (*"todos somos pobres"*) or named the mayor (see Annex). The new mayor is the first of the kind who has neither been a cocalero nor was in favor of coca production. Instead, he is an engineer who played an important role in bringing state investments into the area. One of the reasons he came into office was precisely because of his promise to bring jobs in the form of a hydroelectric facility. This is also reflected in the interviews. A prominent explanation for why people think the mayor is powerful relates to his position towards the state: "because he brings investments", "because he negotiates with the state" (Mo4, Mo5) are representative remarks. Thus, his influence was mostly related to his connection to government funding and the possibility to advocate

infrastructure projects. People belief that this should be his primer focus and that is reason why he was elected. Frequently mentioned was the Juez de Paz, as a person worthy of trust and for settling disputes in society.

Today the mayor and DEVIDA are influential because of their ability to bring public funding and investments (Monpop). In other words, they are now seen as influential because of state proximity and not because of the opposing position taken against the state as before. Powerful actors in the state as well as the supporting staff from the mayors' office are now in favor alternative development. While before eradication and state intervention power depended mostly on coca, today it is the opposite. No supporter of coca now has a leading position within the community. Furthermore, instead of cocaleros, there are emerging groups such as coffee farmers (cafetaleros) producing influential figures, whose power is based on social connection and the promise for a striving alternative development.

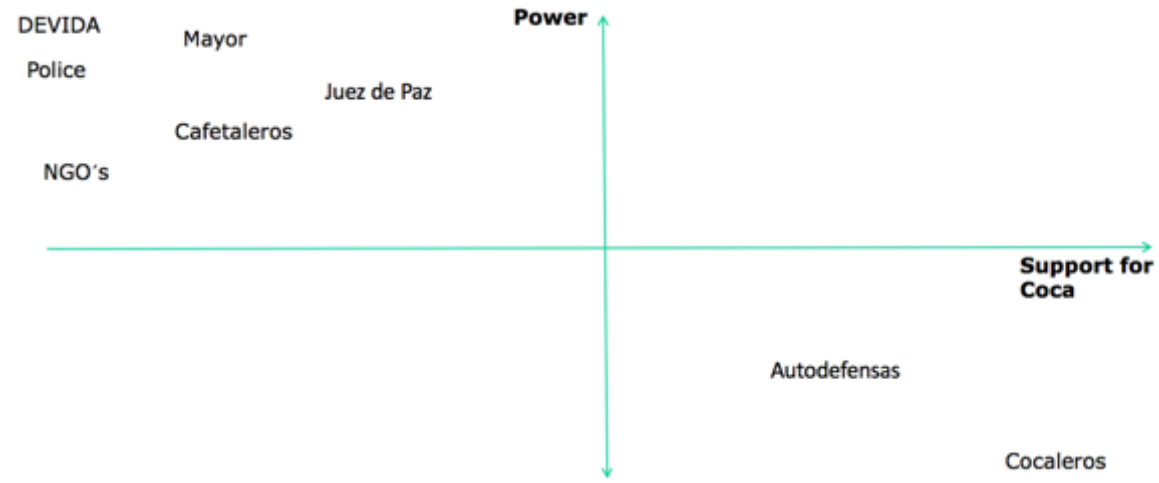
Table 13 Powerful Actors in Monzón

Group	Role	Power Basis	Attitude towards coca	Attitude towards state
Police	Security provision, control	symbolic, (coercive)	Negative	Positive
Mayors	Local overning authority	Social, symbolic	Negative	Positive
Gobernadores	State representative	Social, symbolic	Negative	Positive
Autodefensas	Security provision (but due to the police decreasing role)	Symbolic, social	Supportive	Skeptical
Juez de paz	Local legal authority	Symbolic, social	(Supportive)	Positive
Cocaleros	Representatives of coca farmer	Symbolic, Social	Supportive	Skeptical
DEVIDA	Promotion of alternative development	Economic	Negative	Positive
Private companies	Especially construction, provide job opportunities	Economic	Negative	Positive

The long history of illicit drug production created social spheres in which people managed to accumulate power because of their role in the illicit economy on one hand, and on their will and capacity to use violence on the other. These powerful actors included cocalero leaders and important

drug traffickers. The former held important political positions such as the mayor's office that gave authority to provide and shape order. Important drug patrons had subtle power and influence through money or violence. However, these two groups cannot be separated. They were closely connected. The analysis has shown how state intervention changed local order, and how it shifted power structures. The more powerful people today are those with the ability to apply for government funding (mayor) or those that have profited from the state intervention (cafetaleros).

Figure 13 Field of Power Monzón



Now most powerful actors act not only according to state rules but are influential precisely because of the state. The connection to the state and especially state funding also becomes a form to access capital. Those close to the state, economically or by providing security, do have more power. Underdevelopment had once been a necessary sacrifice for being independent from the state; however, now the expectation is that the state supports the development in the region. While in earlier times, the relationship toward the illicit economy was by far the most important way to gain social or economic capital, now the state, the relationship to state actors, and the access to channels of state investments have become essential for gaining influence. We learn how effective state intervention was dismantling and changing the basis of *capital*. But even if investments are high, new rules and structures are in place and the power basis has changed, so far the new local order seems not to be well established as levels of trust in the previous section have shown.

6.8 Conclusion: Monzón – A region in transition

By giving a detailed analysis, this within-case-comparison has shown us how state intervention not only changed an illicit economy but also a local order. I have analyzed the effect of the destruction of the illicit economy and the increase of state presence in the valley of Monzón. Following the conceptualization of local order in economy, security, rule, and power I have demonstrated in this

chapter how the local order was affected by the historical dependence on an illicit good. The presence of coca and the isolation of the region from state control created a quasi-autonomous local order on the basis of the coca economy. With the state intervention this has changed and this chapter presented evidence that the state intervention not only changed the local economy but also altered power structures, rules and the security environment, which ultimately resulted in a transition of local order.

An important finding is that local order was not only controlled by coercive means before the state intervention, but also by the collective belief that the defense of coca was important and the opposition to the state a necessary sacrifice. This principle not only resulted in specific rule of and power for those with the closest connection to the coca production, but also promoted a closed system with no outsiders allowed. Thus, local order was defined internally through the relationship of different agents towards the illicit economy and secondly, it was defined against external interference which was seen as a threat to the internal economy and social order. Local actors knew that they had a lot to lose if they allowed outsiders to come in. The threat of eradication defined the way in which they perceived strangers and ultimately state agents. While coca and the illicit economy was the major link among the different actors within the society, state intervention and the destruction of the illicit economy destroyed this relationship. Instead of resolving a disorder, as implied by state agents, the intervention dismantled a local order and the consequences of it can still be observed today.

The relationship towards the state today is ambiguous and can be seen as a result of changes in the economy and rule. The most striking effect of state intervention has certainly been on the economy which changed from being based on illicit commodities to a legally based economy. The economic consequences have been far reaching not only for the cocaleros, but also for other sectors such as bars or small shops and people describe that an economic crisis was the consequence. But even if the economic situation for most became unsatisfactory, most people do not advocate for the illicit economy. Instead, today these people point towards the state in the expectation of more economic development. This leads to the ambiguous situation that the state is accepted (and demanded) as a service provider and promoter of economic development but at the same time it is viewed critically in other sectors such as in the sector of security and rules. Monzón was basically a *locked* region when coca dominated the society and local rules depended on the preservation of this economy. After state intervention, local rules have changed and altered the security structure. The police is the dominant actor in this structure, but at the same time it is not trusted. This is due to misconduct and corruption, but also due to the type of rules implemented by the police, which are not completely accepted.

We can argue that the region is in a period of transition. In this transition phase, there are two major opinions; those who benefited from the changes and those who now see themselves in a more

powerful position than before. The second group comprises those who lost economically and also their influence. Since everything depended on coca, it was the glue for the society, a source of capital, a connection between different actors or a differentiation to the state as a different local order. Hence, one can conclude that the coca economy produced a local field of power in itself, in which certain agents could gain power, but only through their relation to the coca economy. All was based and connected through the coca economy and supported by the image of an outside "enemy" – state agents. The illicit economy therefore created not only an economy highly dependent on coca, but also local rule, and power relations. With the eradication of coca, the main basis of capital accumulation fell apart. Now this accumulation of capital is mainly based on the relationship to the state.

The official version for the case of Monzón presents a linear and positive development after the state intervention, towards a sustainable social and economic development (Devida 2015). Indeed, from the state's point of view, the intervention in Monzón can be regarded as successful. Now there is a presence of the police and the possibility of providing services as well as setting up alternative development programs and destroying the illicit economy. Additionally, people refer to the state for getting more funding and demanding more infrastructural projects. We can interpret this as an indication for wanting more integration and not less. While these are successes as defined by the state, there is still a persistence of general mistrust towards institutions and state actors such as the police. Order that these actors represent are not necessarily shared as legitimate nor are the police perceived legitimate. The same can be said about state rules that are now being implemented in the region. The state is not perceived as a savior by the local population, its legitimacy now depends on the provision of services and economic development.

Hence, while the state has been able to spatially integrate the region, the acceptance and therefore social integration hinges on the fulfillment of promises and expectations of the local population. At the same time previously powerful actors and local rules have changed due to the state intervention. This is why, state intervention not only demolished the existing economy, but created a new basis for a new local order, this chapter has also shown that the region is still in a transition phase, where local order has not yet been firmly established.

7. The VRAEM, Santa Rosa and Llochegua

The VRAEM is a zone of special interest for the Peruvian state and primarily known for being the main drug production region in Peru. The valley is an interesting case to show how a society develops with a dominating illicit economy, how rules are embedded in this society and reflected in the local power structure. On the other hand, the region shows variances in territorial control and the difficulty of the state to adequately *integrate* the region. In recent years, there have been a number of studies about the region. Most of these analyses focus on the economic aspects of drug trafficking (López and Vizcarra 2012; Leyva and Mendoza 2017), the security aspects related to the internal conflict, and the remnants of Sendero Luminoso (CVR 2003; Calmet and Salazar 2014; Díaz 2015). However only a few focus on the implications at the local political level (López 2014; Vizcarra 2017). Finally, there are reports on development cooperation (Brombacher et al. 2012) and socio-economic development (MIDIS 2013). Recently Leyva and Mendoza (2017) published an extensive study on the VRAEM and its economy.[156] Other studies focus on consequence of coca cultivation and drug production for health or nature (Villagaray 2014). Finally, the biggest newspapers of Peru such as El Comercio, La Republica, Peru21 frequently publish reports on this region with a focus on drug trafficking and the remnant of Sendero Luminoso. Hence, there is a growing academic public interest in the region. Most of the studies focus on a macro level and so far, there has been no study that analyzes the consequences of drug production and trafficking in the region on local order and its effects on state formation. The following chapter will contribute to narrow this research gap.

The analysis will give important background information on the VRAEM because the region in its totality is a focus region for the state strategy against drug production and trafficking (D. S. 040-2016-PCM). Nevertheless, given the socio-economic diversity (including language, history or economy), the following will focus primarily on the southern part of the VRAEM, where presence of state actors is lower than in the northern parts and that show similarities in the historical and the socio-economic background (Leyva and Mendoza 2017). Particularly, in the districts Llochegua in the province of Huanta and Santa Rosa in the province of La Mar are interesting for this analysis. These districts are two of the main areas for the production of coca and PBC within the southern zone of the VRAEM. They have similar characteristics and are therefore well suited to analyze the effect of the illicit economy and the state (UNODC 2016; see also Case Selection). Selecting two districts for the analysis allows to test the results against each other. During a three month stay in the area, I gathered data through participant observation, interviews, and surveys. Furthermore, I gathered data in the district

[156] Additionally, some insightful graduate student studies analyze particularly on aspects of drug trafficking in the VRAEM from a macro-perspective (e.g. Díaz 2015, Rojas 2015).

centres of Kimbiri, Sivia, and Pichari, which will serve as areas of control and comparison. Kimbiri and Pichari are interesting control cases because as part of Cusco, these districts profit from a transfer system that gives them economic benefits (*Canon*).

The following chapter follows a slightly different outline than the previous chapter on Monzón. While, I gave a detailed within-case analysis on local in Monzón, this chapter presents the current local order. That is because the coca economy is still present in the VRAEM and in the focus districts. Thus, I will give a detailed historical analysis on the development of the region, but the assessment of local order will concentrate mainly on the present situation. The chapter unfolds as follows: after analyzing the territorial particularities and the socio-historical context, the chapter provides an analysis of the local order in the region today. It elaborates on the implications on local economy, the security and rule. Finally, I will analyse the resulting power relations in the region. The last section gives a conclusion of the case analysis.

7.1 Socioeconomic conditions

Named after the rivers Apurimac, Ene, and Mantaro, the VRAEM is located in the *Selva Alta* and parts of the departments of Ayacucho, Cusco, Huancavelica, and Junin. The VRAEM was created by the *D.S. N° 074-2012-PCM* and is located in the eastern part of the Andes in the center and south of Peru. Since 2016, the area consists of 66 districts in ten provinces, in the regions of Ayacucho, Cusco, Huancavelica, and Junin (D. S. 040-2016-PCM, see Annex).[157] The National Statistics Institute estimates that 654,017 people live in the VRAEM, which is roughly 2% of the Peruvian population (INEI 2015). The official population growth of this area is at 2.4% (1.1% on the national level) in variation from 2005 to 2015.[158]

Since 2010, the VRAEM has the highest levels of coca production in Peru. While the official numbers indicate that around 19,000ha of coca grow in the area (UNODC 2016), unofficial estimations go up to 30,000ha. The region has a great variety of flora and fauna and altitudes ranging from 300 to 3000 meters above sea level. Remnants of the guerrilla Sendero Luminoso, hold refuge in part of this area. Their primary activity is the provision of security for the drug trade in the region. It is also the most militarized zone in the country, and the major production zone for coca and PBC in the country (UNODC 2015; El Comercio 2014a). Even though the VRAEM is a vast territory with great diversity, it is often taken as a monolithic bloc. Media reports mainly cover drug related topics or violent assaults by

[157] Before that it was called VRAE but with the supreme decree of 2012, new zones of the Mantaro river region was incorporated. In 2015, the VRAEM combined 50 districts in 5 departments and 9 provincias, which was extended a year later.

[158] The northern part developed a lot faster than the southern part of the valley 5.8 to 0.9%(Leyva and Mendoza 2017: 59). The northern parts include Pangoa, Mazamari and Río Tambo, while the southern part consists of Llochegua, Sivia, Chungui, San Miguel, Anco, Santa Rosa y Ayna, Vilcabamba, Pichari and Kimbiri.

Sendero Luminoso, often without differentiating between actors or circumstances, whereas reports on aspects other than drug production or guerrillas are rare (for a critique on the media coverage, see Cabieses 2008; Díaz 2015).

Table 14 Density of the State Huanta and La Mar

		DEPARTAMENT	Province		
		Huanta	**La Mar**	**AYACUCHO**	**PERU**
Population 2012	habitantes	**102.619**	**87.160**	**666.029**	**30.135.875**
	ranking	**58**	**69**	**16**	-
State Density Index	IDE	**0,5971**	**0,4946**	**0,6433**	**0,7666**
	ranking	**131**	**185**	**19**	-
Houses with water and wastewater system	%	**50**	**31**	**52**	**76**
	ranking	**114**	**175**	**19**	-
Houses with electricity	%	**65**	**47**	**70**	**86**
	ranking	**132**	**180**	**22**	-
Assitancy in secondory school (12 - 16 years)	%	**72**	**62**	**78**	**85**
	ranking	**155**	**180**	**23**	-
Doctors per 10,000 inhabitants	Ratio	**7.82**	**5.92**	**12.94**	**22.73**
	ranking	**128**	**161**	**15**	-
Source: PNUD 2013; Leyva and Mendoza 2017					

The region can still be described as being in the margins of the state economically, in infrastructure, and in the provision of basic services. The poverty level is very high for the whole region and according to official numbers, the overall poverty rate is at 67% and all of the districts of the VRAEM are either poor or extremely poor compared to 27% nationally (MIDIS 2013: 12) For 2013, it was estimated that the poverty level was about 42,9% while nationally it was at 23,9% (INEI 2015). In Llochegua, a district with around 13,339 inhabitants (UNDP 2012),[159] 36.8% lived in poverty in 2007, while the access to information services and communication was also very low. 95.5% stayed without access to those services in 2007 (compared to 46,7% nationally) (INEI 2007). Again, these numbers most likely have changed, but the census 2007 gives an indication of state presence and development. In Santa Rosa, where about 11,290 live, the poverty rate was at 62.7% and 73% of households were without access

[159] Here the projection might underestimate the number of people living in that area. It seems like there has been a strong movement towards that area in the last few years, mainly driven by economic opportunities (interview with UN official)

to information services (INEI 2007, Annex).[160] In addition to the overall poverty level, malnutrition in minors aged five years, exceeds the national level of malnutrition. In consequence, the Human Development Index for the region and the districts in focus, are considerably lower than the national average (see table 14).

During my research stay in the region, absence or low quality of services is frequently mentioned during most of the interviews and the official numbers show a region with many deficits. More than 70% of the population do not have access to clean water (40% on the national level) and a similarly high number lacks services of a waste water system), and access to communication systems have been weak (Novak et al. 2011: 17 INEI 2012). Until the late 1970s, only one rural hospital with one doctor for the entire valley existed (Fumerton 2002: 109). Basic health service is still difficult to access for nearly 50% of the population (MINSALUD 2012).[161]

Education is on all levels lower than the national average. 29% of the population between 20 and 24 do not have primary school education (INEI 2015: 26).[162] Lavado (2013) estimates that four out of ten juveniles, between 14 to 18 years, do not study because they are working. The coca economy is one of the main reasons for the low education rate, since many young people would drop out of school in order to work in the coca fields or in related areas of drug trafficking (Leyva and Mendoza 2017: 109; Novak et al. 2011:14-17; 32). Hence, there are low incentives for young people to seek for higher education, while jobs for unskilled laborers such as working as *peones* (farm hands) are readily available and economically more attractive.

[160] Numbers on the poverty rate differ according to different entities. The Plan VRAEM counts 76.1percent as poor and 50.1 percent extremely poor. Also, the last census available for this research is from 2007 and the projected numbers might differ in the upcoming census in 2017, which was not available at the time of this research. In 2011 75% of the districts have a per capita/o family income of 55 USD or less. In comparison the average income level in Peru is at 123.73 USD (Ministerio de Salud 2012: 33)

[161] In 2011 only 5,5 doctors for each 10,000 inhabitants were available (Silva Pellegrini 2015; Leyva and Mendoza 2017: 107). "*I´m driving for hours to villages far away. Sometimes they have not seen a doctor in months. The situation there is devastating, really devastating because people do not know what to do and where to go (…). They do not trust me, they do not trust anybody unknown. They are sometimes afraid of taking pills because they fear I will poison them*." (Interview VRAdocm).

[162] See also an article of Mariano Aronés Palomino concerning the difficulties of teachers in the VRAEM: https://redaccion.lamula.pe/2015/11/11/a-que-se-enfrenta-diariamente-un-docente-en-el-vraem-un-antropologo-te-lo-cuenta/danielavila/ and a presentation of Aronés: Ensenar y educar en una zona de conflicto: El caso de los profesores/as del Valle de los ríos Apurímac, Ene y Mantaro, Ayacucho, November 2015: http://seminarioanual.cies.org.pe/2015/sites/default/files/mesas/ARONES%20FORGE.pdf (01.10.2017).

[162] http://elcomercio.pe/sociedad/peru/declaran-estado-emergencia-distritos-huancavelica-y-cusco-noticia-1930834

Infrastructure and accessability

Infrastructural shortcomings are still a major obstacle. A narrow and curvy road leads into the VRAEM from Ayacucho, building a path between steep hills and deep abysses. Just until recently, there was no paved road connecting the valley with the city Ayacucho. From Ayacucho it took ten hours to get to the the central town of San Francisco as opposed to the four hours it takes now. During the rainy season, the road is difficult to access and constant landslides make it a difficult and dangerous connection.[163] Economic connections and trade possibilities outside of the valley are therefore limited. The road is used to transport people, agricultural products, and drugs. At various control points, cars are searched sporadically. From the economic centers San Francisco and Kimbiri, one reaches the other areas of the VRAEM which are in part difficult to access. In general, from the VRAEM, the economic structures of the state are difficult to access, particularly in the rainy season when roads are flooded or landslides block the ways. In my first attempt to go into the VRAEM, a landslide stopped our journey abruptly. Behind the landslide, cars, pick-up trucks, and small buses queued up. Most of the cars transporting people and goods had to stop and wait. There were rumors that heavy machinery of construction firms nearby would clear the road. The firms had been contracted by the state to improve the connection into the VRAEM. However, it was a Sunday when the companies did not work and after four hours, people started to clear the landslide themselves. After another two hours, they managed to build a small way through the hill of mud so cars could pass one by one. Drivers paid some pesos to those who helped. On the way into the VRAEM coming from Ayacucho, several smaller mounds of mud and rocks covered the street. Earlier landslides that had not been cleared away are now part of the curvy road between the town of Quinoa to San Francisco. On the way back to Ayacucho, I had to stay several days in San Francisco until the way was cleared.

The most important roads in the valley are the *caretera nacional* (PE-28 B) entering from Quinua and Tambo towards San Francisco 146,4km away. From here, the "vía departamental" (AY-101) leads south while the vía AY-100 leads northwards in the department of Ayacucho. On the Cusco side, the PE-28C starts in Kimbiri towards Pichari and Puerto Ene.[164] From here, the connection further north is via the river Apurímac. The overall road system needs to be further developed and therefore S/ 500 million of

[163] During the time of research, two people died on the road, one because of rock fall. While driving from Ayacucho to San Francisco took around six hours in 2015, in 2017, the same route took 4 hours. More parts of the road are now further improved. Notwithstanding the improvements in the infrastructure, the condition of roads is still problematic, in particular during rainy season, when the risks of landslides and destruction of roads rises. Given the infrastructural difficulties, there is a thriving demand for taxi drivers, driving mostly during daytime. Even if improvements become more visible, infrastructural shortcomings limit the development of a licit economy.

[164] See also PROVIAS:
http://www.proviasnac.gob.pe/Archivos/file/Planes%20y%20Presupuesto/Ayuda_Memoria_Por_Departamento/2011/Abril%202011/Quinua_San_Francisco_05_Abr11_final_.pdf

the project investments in the valley in 2016 (S/ 1,400 million), are for the transportation system. In the meantime, bad infrastructure results in relatively high costs of transportation (Leyva and Mendoza 2017: 86-92).[165] The distance from Huamanga/Ayacucho to San Francisco is about 190km. In a Toyota Hilux pick-up truck, which is one of the most common modes of transportation, it costs 60-70 Peruvian Soles (around 20 USD).[166] Another access point is from Quillabamba to Kimbiri (approximately 280km) and from the cities of Satipo and Mazamari in Junin where part of the way is via boat. However, the most common and easiest way of accessing the valley is from Ayacucho to San Francisco. The districts in focus for this study are 22km (Santa Rosa) and 68km (Llochegua) from San Francisco (Minsalud 2012).

These Infrastructural and socio-economic aspects make it more difficult and costlier to sell agricultural products, since the main markets for selling licit agricultural products are outside of the area. The conditions of roads and climatic and geographic particularities make it difficult to access these markets. This in turn, has consequences for finding alternatives to the drug economy. Consequentially, this influences the economy and gives opportunities for the illicit economies, because transporting PBC out of the valley might be difficult, costly and dangerous. However, the aggregated value of the product still makes the business worth it (see below).

7.2 The Government's Approach

The following section highlights the approach of the Peruvian government towards the VRAEM. The VRAEM has been in focus in the fight against drugs and insurgency from 2006. State intervention focuses on four different aspects: the reduction of poverty, inequality, fighting terrorism, and drug trafficking. The government's approach towards the illegal plantation of coca in the VRAEM area is different to that of Alto Huallaga and not based on forced eradication of the coca plantations. One reason for this strategy is that forced eradication is said to be too dangerous. The "*social cost would be very high*", as a leading DEVIDA official puts it (interview Vradevj), meaning there would be turmoil and most likely violence in a region that still has lots of weapons left over from the times of internal conflict. But even without forced eradication, the Peruvian state tries to improve its presence with an investment program, whose approach is also debatable, since a big part of its budget is foreseen to finance the military and security component of the plan (Soberón 2013; Zevallos and Bouchert 2015).

[165] Further information: MTC (2009); PROVIAS

[166] I paid this amount in 2015, 2016 and 2017 from Ayacucho to San Francisco.

A broader state strategy for the Valley was launched in 2006, with the Plan VRAE. The plan had three major pillars: the military to fight remnants of Sendero Luminoso, the Police to fight drug trafficking, and the civilian pillar, improving development through public investments and alternative development under the auspices of the military.

In 2007, the Ministry of Defense launched a Plan as "*an option for peace and development in security for the valley of the rivers Apurimac and Ene – Plan VRAE*"[167] better known as the Plan VRAE (Decreto Supremo No. 003). This plan was intended to promote security in the VRAE, and reaffirmed the state of emergency in the districts that are included in the Plan (Mindef DS 021-2008-DE-SG).[168] The plan analyses that the presence of the state is weak and there is the need for the promotion of economic and social development. It further states: "*illicit drug trafficking exploits the situation of poverty in the area, generating problems of security, exploitation, criminality, violation of human rights, corruption of authorities, increased illegality and growth of terrorism and poverty*"[169] (Mindef 2007 cited by Zevallos and Boucher 2014: 73). Thus, the redefined plan outlines four main objectives: 1) fight against poverty 2) fight against inequality, 3) fight against illicit drug trafficking and criminal gangs 4) fight against terrorism. While the majority was foreseen for infrastructure[170] executed by the Ministry of Transportation and communication. It is no surprise that this sector takes the biggest part of the overall investments since it is the most cost intensive. In 2011, the rest of the budget was spent mainly on the ministry of the interior and the ministry of defense, leaving only 44 million to civilian projects (Zevallos and Bouchert 2014: 75). As we can see, a major amount of the budget goes into the fight against Sendero Luminoso and therefore the lion's share of budget for the VRAEM was destined for the military. While in 2007 the budget to fight Sendero Luminoso was at 10.7 PEN million only three years later, this budget was 466.9 PEN million. The sum decreased in the following five years but in 2015, it was still at 345 PEN million (Leyva and Mendoza 2017: 145). In 2012, the plan for the VRAEM was redefined. The plan focusses on four levels: 1) Poverty, 2) inequality, 3) illegal drug trafficking and criminal groups, 4) fight against "terrorism". While this new plan of intervention focused more on the

[167] „Una Opción de Paz y Desarrollo en Seguridad para el Valle de los Rios Apurimac y Ene – Plan VRAE" (Decreto Supremo No. 003)

[168] In 2009, they created the military region VRAE with the Decreto Supremo 001-2009-DE-EP. Before the area of the Mantaro was included. The states constantly renewed the state of emergency giving the Armed Forces control over the region. Decreto Supremo N.° 063-2008-PCM . Later the auspices of the plan was transferred to the PCM (Mindef 2009).

[169] Own translation

[170] On infrastructure check *Provias as a decentralized agency from the ministry on transport and communications to build infrastructure in particular in the rural areas. – Program of investing in the VRAEM, which are the roads being build.*

development of alternatives to drug production, and the reduction of poverty, it was still imbalanced towards the security sector (Leyva and Mendoza 46).

For the development of the region and the fulfillment of the government plan important are: CODEVRAEM, DEVIDA and PROVRAEM. The Comisión Multisectorial para la Pacificación y el Desarrollo Económico Social del Valle de los Ríos Apurímac, Ene y Mantaro (CODEVRAEM) was founded as a coordinating and supervising institution for the different actors involved in the region and is therefore an overseeing agency (Decreto Supremo No. 074-2012-PCM). In 2016, the agency became subordinated to DEVIDA, which has the lead in anti-drug policies also on the national level. ProVRAEM is a coordination agency with the main task of promoting sustainable alternative development. PROVRAEM was created in 2014 (MINAGRI Decreto Supremo 011-2014), and expectations from this agency is very high. Its aim is to generate local opportunities for the economic development, with a focus on the households most in need. Tasks are manifold and seek to a) the formulation and execution of public investments that support alternative development, b) promote production cycles or innovation in technology and finance; c) Promote and articulate a territorial plan for "reconstruction" of the VRAEM d) the strengthening of institutional capacities of regional and local governments e) promote activities for social inclusion in the VRAEM. In total, PROVRAEM has 23 tasks to fulfill. But its power is restricted and relies on economic support.

ProVRAEM also became a symbol of the alternative development program, that is negatively perceived in the valley "*They [ProVRAEM] gave us some cacao crops and left (…) The alternative development is not working (…) no, we do not think their work will improve our lives*" (Llcoclm). In particular, the program of gradual auto-eradication is criticized. In the VRAEM, the approach of "auto eradication" seeks the voluntary destruction of coca crops. Peasants who decide to eradicate their crops receive monetary incentive of 650 Soles (approx. 185 USD), technical assistance per eradicated hectare, and financial assistance for business concepts. Following Leyva and Mendoza (2017: 52), the plan of self-eradication had several shortcomings: there is low control in the aftermath of eradication and a risk of replanting coca, many of the coca fields are already old and in the phase of becoming fallow land, the coordination and provision of supplies is weak and could lead to frustration among farmers and lastly, the initiative could be a perverse incentive to plant more coca in order to become a beneficiary (Interview expert). Furthermore, the population has a negative perception towards the state program. An employee of PROVRAEM tells me that the majority do not accept the programs and that they distrust them although they fulfill the goals ("piensan que vamos a erradicar zu coca") (Provraf). Notwithstanding the growing investments and diversification of the anti-drug policies in the VRAEM, success in reducing drug trafficking is marginal (see also Leyva and Mendoza 2017: 148).

Different programs of the state intend to improve living conditions and lower indices of poverty and social inequality. Among them are programs of the Ministry for Development and Social Inclusion (MIDIS). Several of these programs can be found in the VRAEM (Table 15).[171]

Table 15 Social Programs for Santa Rosa and Llochegua (June 2017)

Social Program		Province	District	Province	District	Department
		La Mar	Santa Rosa	Huanta	Llochegua	Ayacucho
Cuna Mas	Children	266	80	275	60	2,460
	Families	1,508	0	1,072	0	6,890
Juntos	Affiliated Households	7,858	894	7,505	624	40,154
	Subscribed Households	7,317	829	6,759	572	36,500
Haku Wiñay	Executed projects	800	400	812	2,388	6,862
	Concluded projects	915	0	323		3,039
PENSION 65	Receivers	3,837	358	4,286	184	32,390
QaliWarma	Children	18,074	2,664	20,340	2,417	113,065
	Educative Institutions	453	45	463	56	2,752

Source: MIDIS 2017, June 2017 own compilation[172]

Even if the original state intervention foresaw a heavy focus on the security sector, it has diversified more over recent years. The government offers alternative products to substitute for coca. Thus, we can talk about two periods of recent state intervention. The first, which in 2006 and is characterized by a heavy military footprint, while the current second period shows much more funding and involvement of the civil services. Nevertheless, a big part of the funding is allocated to the state security sector.

The imbalance in public spending towards the security sector shows that the most prominent signs of state presence in the region are the state security actors. One of the main aspects of the Plan VRAEM and the principal objective of the state is the provision of security. State security actors in the VRAEM

[171] *Cuna Más* supports families with children under the age of three for their basic necesities, *Qali Warma* forsees the alimentation for children in schools, Juntos, supports families fanancially with young children, Pension 65 is a monthly pension for elderly people; Haku Wiñay technical assistance and a small asset transfer to rural households. One of the supported programs, FONIE, particularly features the affiliation to Alto Huallaga or VRAEM as a condition that enables them to profit from funding. The fund was in particular created in 2013 to include marginal areas into state structures (Artículo 23º de la Ley Nº 2995 Ley de Presupuesto del Sector Público).

[172] Data compiled at the end of field research and the end of gathering empirical data.
(http://sdv.midis.gob.pe/Infomidis/#/)

enforce a state of emergency which gives them additional "authority" while the rights of the citizens are more restricted. The state of emergency became an essential tool and an extension of coercive power in order to fight drug trafficking and the clan Quispe Palomino (Decreto Supremo 031-2016-PCM). However, some question the propriety of such an emergency zone and the use of it is debated, given that the potential threat by the Clan Quispe Palomino seems not to be an essential threat to the state (Calmet and Salazar 2013).

The symbolic impact of a heavy security focus can be particularly seen in Pichari, a relatively prosperous city in the VRAEM in the Cusco department (Vizcarra 2017), behind four-meter-high walls and protected by several guards, is the headquarter of the *Commando Conjunto*, the center of police and military operations in the VRAEM. It is a big compound and is referred to by interview partners as a symbol of the state´s role in the valley: "*Look, it´s like the base [in Pichari] you cannot see them and when they leave its because they will destroy la coca or lock up our sons" – So, you do not trust them? "Ah no, not at all*" (Pitienm1). Even if a high percentage of the state investments in the area go into the security sector, it still shows high levels of deficiencies. All this is in light of the fact that the overall production of coca and PBC is still the highest in the country (UNODC 2016). The presence of state agencies became more visible in the last few years. However, the perception of the state and alternative development by the local population is still negative. This perception is connected to economic outcome

> *"DEVIDA, is not doing a good job, they encourage you to sow more cacao, coffee but there is no market, you sow and you come with low price. Well, it does not provide [income] like coca, 120, 130 [PEN] per arroba, and one hectare produces 100, 90 arrobas, you do the math. Every three months and cacao or coffee is only twice a year, so they have to look for other alternatives, with other products that are of greater production."(Llom2)*

Hence, even though state presence became more visible in recent years, it is mainly related to the provision of alternative development but even more so to the heavy presence of security actors.

7.3 Local Historical Development

The VRAEM has a vivid history. Discussing it in the analysis helps to explain not only the formation of the region in the margins of the state, but also the development and influence of the coca economy. This chapter gives an overview on the historical developments in the region and the districts in focus. Understanding and analyzing the history will give us the necessary background to understand the evolution of the illicit economy, security and rule structures, and finally local social order.

In contrast to the Alto Huallaga Valley, the VRAEM has not been a traditional spot for growing coca. There are several key periods that led to the local drug economy as it exists today. In line with these periods, we can also understand how local structures evolved. These periods are 1) the pre-coca boom from early "colonization" until the beginning of the 1980s, when the valley still had a minor role in the national coca production; 2) the beginning of the 1980s until 1995 including the conflict, which plays a major role in the development of a drug economy and a coca boom, which sets in after 1985. Production became more important and had an impact on local structures; 3) After a sharp decline of the coca in 1995, the region shows a slow but steady growth in coca production again between 1998 until 2005 and finally, 4) the last phase ranges from 2006 until today, showing an accelerating of coca production and the growing influence of the state at the same time. Given the lack of extensive historical studies on the region, I will use different sources of secondary literature and interviews with early settlers to trace and tell the historical development in the region.

7.3.1 Colonization

Though the VRAEM is principally known for its coca economy today, the peasants of the valley relied on a diversified agriculture that evolved in a cyclical manner of development. For centuries, people from Huanta or Tambo grew coca but this was not the only crop in the valley (Fumerton 2002: 109). There are several "colonization waves", which describe the process of colonization in the VRAEM. The valley was mainly inhabited by the Ashanikas, Matsiguengas and Shipibos (Arawac) who lived on subsistence agriculture, During and after the 17th century, Jesuits and Franciscans arrived in the valley, eager to Christianize the population (Leyva and Mendoza 2017: 40). They promoted cattle and widespread plantation of coca. Santa Rosa for example, was a settlement motivated by Franciscan monks. It became an outpost in the region of Palmapampa at the beginning of the 20th century (O'Brien 2008). Later, migrants from the Peruvian highlands followed, hoping to find agricultural land and better economic opportunities. Early on, a hacienda system could be found in the southern part of the valley, which was marked by agricultural development and an unequal distribution of land (Zapata et al. 2008: 129).

The Apurimac valley, with its subtropical climate is a good spot for agriculture. In 1907, around 3,000 inhabitants populated the valley and cultivated around 2,000ha of land: in these were 911ha coca, 135ha sugar cane and around 1,000ha other diverse products such as fruits and coffee (O'Brien 2008: 33). During the first half of the 20th century, people moved into the valley. When the government of Augusto B. Leguía (1920-1930) filed the decree of "mountain land" (*Decreto Tierra de Montaña*), an office for the legalization of land was installed in San Francisco and promoted migration into the "Selva

Central" (Durand Guevara 2005: 4). Following the estimations from Sala i Vila, around 10,000ha changed the proprietor and colons in Huanta. Huamanga and La Mar generally received smaller parcels (Sala i I Vila 2001). Migrants had the opportunity to move to these regions to start growing different type of crops like sugar cane, fruits, and maize. Unlike the Alto Huallaga, where migrants had diverse origins, migrants in the Apurímac region came mainly from north Ayacucho (CVR 2003: 86; Durand 2005). Agriculture was a major lure for migration and development in the region. Different agricultural *booms* are closely related to the migration. Between 1950 and 1970, the extraction of barbasco or coffee promoted intense migration. Between 1970 and 1985, cacao and coca were the major agricultural activities that led to a migration wave to the valley (IVM 2008: 13). Sugar cane was another commodity extracted in the valley.

Agriculture was organized mainly in two ways. One was a *haciendas* organization, large land ownership in the hands of a few families (such as the Riscos, Parodis and Justameites). Until the mid-20th century, 81% of all haciendas in the department of Ayacucho could be found in Huamanga (120), Huanta (51), and La Mar (25) that includes the districts of Llochegua and Santa Rosa (Velasco et al. 2008). The local economy and land concentration resulted in the formation of an elite such as "wealthy" merchants and large landowners who made profits from economic prosperity. Early colonists claimed huge amounts of land and later bequeathed it to their kin, while *peones* and small-scale farmers suffered from economic and social inequality. During the agricultural reforms of the Velasco government (1968-1975), land in the VRAEM was redistributed and led to a second form of agriculture, the *minifundistas*. Landowning elites gave up or lost most of their lands during the land reform and smaller cooperatives and *minifundistas* were formed.[173] The Velasco administration cut state subsidies and support. Instead, local incentives to improve the situation were formed with the *Valle del Río Apurimac*, *Unión Salvatica* or *El Quincacho* cooperatives between 1970 and 1971 (IVM 2008).[174] These cooperatives allowed *minifundistas* to access new financial and technical opportunities and provided an organizational hub for the peasants of the region. It coincided with a commercial boom in coffee and cacao.

However, these cooperatives soon landed in financial difficulties because of organizational shortcomings and because they could not satisfy the needs of their associates (Mendoza and Leyva 2017: 40). In 1975, an organization was formed that would also set a first basis for the later civic organization in the Valley: the *Asociación de Pequeños Agricultores* which was closely followed by the *Federación Campesina del Valle del Río Apurímac* (FECVRA) in 1979 which later became the biggest

[173] For example, in Santa Rosa: the families of Justameite and Risco donated 50ha to Santa Rosa because of the land reform. Another large scale land owner, Parodi, renamed its position "centro vacacional de Luisiana" (vocational centre of Lusiana) to avoid expropriation. On his ground, sugar cane was produced and later the airport of Luisiana was build (Sroprofm)
[174] The „Unión Selvática" and „Rio Apurímac" were installed with 1,356 and 1,500 members respectively. CEPLAN.

organization of its kind in the department of Ayacucho (CVR 2003: 88; Durand Guevara 2005: 4). One of the motives of the FECVRA was to end the monopoly of bigger salesmen and to connect around 100 cooperatives. Besides the economic impetus, FECVRA was also concerned with improvements in socioeconomic conditions such as the construction of schools, first aid medical posts, and solving domestic disputes (Degregori 1989: 28; CVR 2003: 88). This initiative also became necessary because the VRAEM was not the primary interest for the state, while in the 1970s and 1980s, other regions developed as agrarian production hubs. The focus of the state was the coca production areas of the Alto Huallaga and the suppression of drug production. The low interest of the state led to a greater autonomy of the agrarian groups organized by FECVRA, compared to other groups of this time. This development stopped abruptly with the beginning of the internal conflict and the influence of Sendero Luminoso and Marina, that led to the 1983 elimination of the federation (Durand Guevara 2005: 4 del Pino 1996).

Until the conflict, the major drive for development was infrastructural improvements. The *Ley de Conscripción Vial* provided the basis for these in the jungle regions (1920-1930), including the areas of the VRAEM. Many highland colonists stayed in close contact with their families in the highlands and held properties in their regions of origin. They also conserved parts of their customs and values. The workforce, basically *peones* working in the fields, also came from the highlands (Del Pino 1996: 125). The land route, using pack animals, took around one week to get to the regional market of Huamanga (Ayacucho) and back (Sroprofm; Llexprofm; Brombacher et al. 2012: 40). Improvements in infrastructure increased migration and created new demand for land. Without state planning and oversight, the new arrivals occupied land, especially between 1965 and 1970 (Del Pino 1996: 125). During the Belaunde administration (1963-1968), the construction of a new highway from Huamanga-Tambo-San Francisco in 1964, and two small airstrips in the locality of Lousiana and Teresita, improved the connection to external markets and fostered economic development in the region. The inauguration of the bridge of San Francisco in 1971, opened development possibilities and expansion of agriculture in the districts of Kimbiri and Pichari (CVR 2003 Tomo IV: 87; Fumerton 2002: 109; Durand Guevara 2005: 4, Leyva and Mendoza 2017: 40). Villages and small settlements grew close to infrastructural opportunities near rivers, which served as a primary mode of transporting goods. Only later, roads replaced rivers as principle means of transportation. Even if infrastructural and economic opportunities were two factors for migration into the valley, the CVR estimates that by 1980, the total number of inhabitants in the Valley Apurímac did not exceed 100,000. However, since many farmhands came for seasonal work such as harvesting, the total number is difficult to assess (CVR 2003 Tomo IV: 88).

While there was a lack of political integration, infrastructural developments within the area are still regarded as essential for the area and are often referred to during the interviews. Llochegua is an example for the local development (based on interviews in the district). Motivated by the prospect of gaining agricultural land, people came into the area from the highlands of Huanta and Tambo. During the 1940s, small farms could be found in the area that is now known as the *Llochegua district*.[175] People planted café, cacao, barbasco and coca. The development of Llochegua is exemplary for this time:

> *"Everybody lived in one street no more. More or less 150 people in one street. All were merchants. Salesmen. Farmers lived separated on their farm. They came every Sunday bringing their product. Coffee cacao, coca, rubber. Agriculture produced enough. But there was nothing here [pointing on the houses and main plaza of Llochegua]" (Llexprofm: 22 - 22).*

In the 1960s, Llochegua was a small point for shipping agricultural goods to San Francisco. Most of the farmers resided in small settlements or single houses dispersed through the countryside, and came to the shipping point of Llochegua only for selling their goods. The main connection from Llochegua was the river via small boats. In the following years, salesmen and shopkeepers built a small settlement for agricultural goods and trading with San Francisco. Families settled in Llochegua mainly from the areas of Huanta and Huamanga, and lived near the river by that time (Llexaup, Llexprofm). Hence, hose close to the river were mainly salesmen, who sold agricultural goods to San Francisco. The river served as the main mode to transport agricultural goods to San Francisco.[176] Development in the area was very much related to the infrastructural possibilities.

By the beginning of the 1960s, and after the construction of the highway from Tambo to San Francisco in 1964, San Francisco became a bigger hub for business. Like the other people of the region, peasants made use of this new opportunity by selling their goods directly in San Francisco. 1960 was also the time when Santa Rosa began to grow because of the construction of a road to Palmapampa (IVM-VRAE). Workers and migrants settled in the area and began to plant different agricultural goods. Among these goods were yucca, peanuts, coca, ajonjoli, bananas, papayas or sugar. Organization of production was characterized by a hacienda system. The population stayed quite homogenous and small until the beginning of the 1980s. As in the rest of the valley, the beginning of the conflict changed the dynamics of these settlements.

7.3.2 Conflict and Organization

Until the beginning of the conflict, the dynamics for development were dominated by the infrastructural developments in the area. The conflict was an important period in the history of the

[175] Llochegua was formerly known as Yoshivia but the first settlers renamed it to Llochegua.

[176] In 1972, a flood destroyed the settlement and is still recalled by many of the older population. This is why the current settlements are far away from the river.

VRAEM, *cuando las papas quemaron*[177]. The conflict influenced the formation of villages, the economy and local power structures. Furthermore, it is remembered because of the way the population reacted to the conflict and today is a memory that evokes horror as well as heroics.

Because of the conflict, many farmers fled from the violence abandoning their turf. Their fields were later used by the remaining population to grow food and coca (interview Llauexp1, Gorriti 2009). The arrival of the guerrilla group Sendero Luminoso in the valley changed local order as they aimed to replace local authorities (Degregori 1998: 133). Their arrival also provoked a change in the local economy, structure, and fate of the region.

Ayacucho was the most affected region during the conflict. More than 42% of all victims of the conflict between 1980 and 2000 were in Ayacucho and in parts of Apurímac and Hauncavelica (CVR 2003 Tomo IV: 15). Sendero Luminoso entered the valley of the Apurímac in 1980/1981 and with more strength in 1983/1984, partly because their fight in the Andean zone was not as successful as they hoped it would be and also because they needed a zone for retreat and gathering strength (Gorriti 2013). As soon as they entered the valley, they imposed their rules and taxes. In the beginning, the guerrilla was not directly opposed by all of the population and as the state strategies against the guerrilla, which led to death and suffering among the population, made the guerrilla the "lesser evil".[178] But soon the strategy of *hammering the countryside* and the resulting ideological violence became visible (Degregori 1998; Gorriti 2013). The ideologically loaded violence alienated the guerrilla from local population and resulted in overt rebellion against the guerrilla forces. In 1982 the Belaunde administration called in the military to fight the insurgents of Sendero Luminoso and the "Infanteria" took control of Huanta and La Mar on the 21st of January. However, a decisive factor for the fight against Sendero Luminoso in the VRAEM became the autodefensas.

The first civilian armed resistance is reported from the highlands of Huanta, where peasants ambushed and killed several guerrilleros in 1983 (CVR 2003 Tomo II: 437).[179] In the VRAEM region, shortly after the incidence in Huanta, we see the formation of self-defense groups, as most of the population wanted to defend themselves against the guerrilla and their violent rule. In various villages, they formed "*montoneros*", band of fighters, to prevent rebel incursions (Fumerton 2002: 115; CVR 2003

[177] The time "*when the potatoes were burning*" is a common expression in this region describing time of the conflict

[178] The conflict was in part also used by people for settling private vendettas with the help of the security forces or the guerrilla (Fumerton 2002: 109).

[179] The CVR first mentioned the CADs of Llochegua during the conflict, with the massacre of 37 inhabitants of Canayre through PCP-SL. Following testimonies, 300 senderistas entered the village and killed rondereos and demanded from the authorities a list of landowners. In a confrontation four months later, 3 ronderos died (CVR 2003: 37)

Tomo II: 440). They are also known under the name Comite de Defensa Civil (CDC) or Defensa Civil Antisubversivas (DECAS) before the Fujimori administration formalized the groups as Comites de Autodefensas (CADs) with the law 741 in 1991. The final report of the truth and reconciliation commission uses the latter to describe civilian defense forces in the valley of Apurímac (CVR 2003 Tomo II: 440) and I will use this term in the following for a better readability. By 1983, the military began to organize the CADs which controlled the areas and reported back to the military base. One of first and most important formal self defence groups in the valley of Apurimac, formed on the 21st of June, 1984 in the *centro poblado* of Pichiwillca, close to Santa Rosa (CVR 2003 Tomo II: 441).[180] The goal of the guerrilla was to destroy the peasant force and set an example to suppress further uprising. What followed was an extremely violent phase in the internal conflict, marked by direct confrontations and brutal display of dead bodies to discourage potential support for the self-defense forces (Llexaup2).

While the formation of these groups was supported by the Peruvian military (e. g. Degregori 1989: 29-30), it was initiated by the population. In this regard the previous agricultural organization supported this formation, for example, the FECVRA assisted in organizing the autodefensas (Fumerton 2002: 116). The influence of self-defense forces was crucial for pacification, extended later throughout the valley and was supported by the military. The Garcia government undertook the first steps of recognizing the peasantry militia, but it was the Fujimori administration that formalized the self-defense groups under the CADs in 1991. Gradually, the groups received more rights, ranging from the recognition of their role in the armed struggle, to receiving arms and reimbursement from the government (Fumerton and Remjinse 2004: 67). The military on the other hand, got less violent against the local population by 1985, and moved towards "selective repression" (Degregori 1998). Despite their importance in the fight against Sendero Luminoso, and their cooperation with state security forces, many of the CADs interviewed in the VRAEM do not feel that their role during the conflict was sufficiently recognized.

Life in the valley was dominated by the fight against the guerrilla. Working alone in the fields became dangerous and was only possible to do in groups, guarded by the CADs. In order to be able to fight the guerrilla, men also stopped working in their fields to concentrate on (military) training, patrolling and fighting with the CADs:

> "*La vida fue organizada en función de la guerra; cualquier trasgresión de las reglas era drásticamente castigada. La vida del rondero era sacrificada. Los campesinos tenían que abandonar sus chacras y someterse a un régimen militarizado, con ejercicios, entrenamientos y caminatas de varios días, solos o al lado de los soldados. Vivir entre murallas que cercaron sus pueblos, hacer vigilancia todos los días en sus torreones, controlar la entrada y salida con*

[180] It was led by Antonio Cárdenas, who had an extraordinary talent for military organization and who know is remembered as a hero throughout the valley.

pase, realizar la formación diaria e izar la bandero implican la incorporación de un orden militar con sus códigos específicos y alteraciones de ritmos de vida"(Zapata et al. 2008: 200).

By the end of 1989, all of the northern provinces of Ayacucho (Huanta, Huamanga and La Mar) were organized by self-defense groups (CVR 2003: 445). They were better prepared than the Peruvian army, to move and fight in the jungle areas (Lijourm1, Llexaup). The self-defense forces of the VRAEM even helped to fight the guerrilla in other areas outside the valley. For example, in August 1989, 200 "ronderos" from Santa Rosa went to support the reorganization of districts in the province of La Mar and were paid exclusively for the task (CVR 2003). By the end of 1991, the province of Ayacucho had around 836 communities with organized CADs. 280 belonged to the Valle del Rio Apurimac who controlled 95% of the valley (Del Pino 2008: 34; Diaz 2015).

The CADs became essential for the provision of security and order in the valley.[181] Their methods included public corporal punishment once guilt was established, as one ex-commander reports:

"And at that time the order was handled by the self-defense committee, you know why; the year 84 practically all constitutional rights and all legal rights had reached zero, if you were an authority, Sendero would kill you, there was no order, people did what they wanted. Then we organized the self-defense committees, imagine that in a democratic country, with laws, we made our laws in our own way, we made a state within a state, and well if you were a tyrant you did things the wrong way, and if you were a kind leader you did the things benevolently. "(Llexaup2)

These abuses were not highlighted by the interviewees or during the survey. The autodefensas assumed trust and respect among the population and gained the reputation for being the most effective force against Sendero Luminoso.

The conflict in the valley was very brutal and memories still linger. The Truth and Reconciliation Commission estimates that at least 2,704 people were killed from 1980 to 2000 in the region, while other sources count 8,000 casualties between 1984 and 1993, which accounts for 10% of the local population. According to the CVR, the conflict affected Santa Rosa in particular. Of the 17 officially reported guerrilla actions in the valley in 1983, nine took place in the settlements north of Santa Rosa, five in Santa Rosa itself, and three in the southern communities of Palmapampa and Chungui. The main period of conflict was from 1980 to 1992, when 308 people were reported dead or missing in Santa Rosa. After this period, the violence decreased. Similarly, in Llochegua, in the same period, 71 people

[181] Despite their importance in the pacification of the valley, the final document of the truth and reconciliation commission recognizes that the statements on the autodefensas in the valley of Apurímac, were not all positive. Some regarded them as arbitrary and not following any rule. There are also reports of non-voluntary participation in the self-defense groups by the military or the groups themselves (CVR 2003: 442-443). The CADs ensured (and enforced) local order and the districts were mainly controlled by the autodefensas, which became legalized in 1991, with the decrees 740 and 741. In the end, the autodefensas and the military successfully pushed the guerrilla out of the valley and by mid-1985, they controlled most of the valley (CVR 2003).

disappeared or died. The most violent episode for the VRAE was between 1984 and 1988. It was the core period of the conflict that included many extrajudicial killings and violent patrols of the Senderos, military, and the CADs (CVR 2003 Tomo IV: 90-96; Gorriti 2013). During the conflict several atrocities were committed by all sides, which was also related to the difficulty of distinguishing between rebels and the population (Ibd.). Brutal confrontations affected the population and led to the formation of armed resistance by the local population and the creation of self-defence groups and a focus by the military to fight insurgents. Only at a later stage did the police become part of the security architecture in the VRAEM.

Exposed to violent attacks, the conflict led to aggrupation in settlements and the growth of smaller towns. People from the highlands of La Mar, Huanta, and Tambo fled from the repressive violence and congregated so as to defend themselves (see also Del Pino 1996). Although the areas of Santa Rosa and Llochegua experienced different levels of violence, the consequences have been similar. People, who earlier lived far away from each other, now began to gather in smaller towns to prevent abuse by guerrilla forces (Strauex; Strapm; Llauex). As one member of the autodefensas in Santa Rosa recalls:

> *"People had to form more villages, that's why I'm telling you that there are several towns, 41 bases, 41 towns that have gathered here and formed several cities, because people used to live in different places, each one lived in their farms, before Sendero [Luminoso], and produced cocoa, coffee, peanuts, but because of Sendero [Luminoso] they have gathered and houses have been formed here and there, small towns "(Sroaupm).*

Similarly, until the beginning of 1980, Llochegua was not more than a small settlement of salesmen*:*

> *"Before, everyone lived in their farm in a small house, with small animals, such as a hen or a pig. Because of the problem of the conflict people are grouped here and the committee of self-defense forces formed. At that time, it was not called "village communes"(comunidades caserios) or "centro poblado", but rather clusters. The only one that called centro poblado was Llochegua. That is how the centros poblados were born"* (Llauex)

Hence, instead of being defenseless in their small farms, this aggrupation allowed for the organization of their self-defense.[182] This was in part parallel to the formation of self-defense forces (Zamora 2017). At a later stage Santa Rosa became a district in 1992 and Llochegua became a district in 2000.[183] Even if there are differences in their historical development, the conflict played a decisive role in forming districts and district capitals in both. The other decisive aspect was coca and the cocaine business.

[182] More on CADs and rondas see: Stern 1999; del Pino 1996; Gorriti 1991, Zech 2016. See also on the security aspect "Security" below.

[183] The areas of Kimbiri (1990), Sivia (1992) and Pichari (1995) all became districts in the 1990s.

7.3.3 Conflict and the Coca Valley

The conflict had severe consequences for the local economy as well. Until the 1980s, local economy and development was mainly driven by legal agricultural products. Peasants planted and sold fruits, vegetables, or coffee and the relevance of coca production for the VRAEM was low by the beginning of the 1980, compared to other crops and in comparison to the national coca production (Soberón 2013: 4). During the conflict, the local peasant organization, FECVRA fell apart. FECRVRA suffered from attacks by state security forces such as the *Marina*, which accused them of being involved in drug trafficking (Fumerton 2002: 110). Sendero Luminoso could not control the federation from within and so they acted against it. They saw the production of coffee and cacao only as a business for the rich class and their actions against these economies led to a profound economic crisis (del Pino 1996: 127). In the absence of other economic resources, coca became the major source of income. Coca production grew in the 1970s and drug trafficking already existed since the beginning of the 1980s in smaller scale. But by the end of the decade, drug trafficking and coca cultivation became the major sources of income. Many still highlight the importance of coca. A member of the autodefensas, told me: *"The money from coca helped during these times to finance food, the weapons. With this one can fight in a war. Until now the coca continues to finance [us]" (Sroaulm). In* some cases, drug traffickers and parts of the self-defense forces formed a symbiotic alliance in order to secure the fight against Sendero Luminoso (Fumerton 2002: 144). The rise of cocaine consumption, particularly in the USA, and the growing smuggling possibilities set up by international cartels, contributed to a rise of this commodity.

By this time, the majority of coca was used for the production of drugs and thus, the unintended consequence of the arrival of Sendero Luminoso was the growth of drug production and the link to international smugglers. The PBC trade opened up the possibility to buy arms and to organize civilian defense against the guerrilla, which is different from the situation in the Upper Huallaga Valley. While in the AHV, the alliance was between Senderos and drug traffickers (Felbab-Brown 2009) in the VRAEM, drug money was used to fight Sendero Luminoso.

Money from the drug economy allowed the groups not only to buy arms but also to be fulltime involved in the fight against the guerrilla (CVR 2003 Tomo IV: 442; interviews StR., Ll, Pi). In some cases, the whole community became autodefensas, including youth being paid to work full-time for the autodefensas (CVR 2003 Tomo IV: 101). Economic profits of the coca trade helped in particular for buying weapons or paying members of the autodefensas ("los tigres"). Where did the weapons come from?

> *"[T]here were arms dealers here. Traffickers of armament, of carabiners, sporadic as I say. It was something surprising but if we get to have the weapons, we take it"*

> ***So the traffickers came here [to Llochegua] and asked: "Do you need guns?"*** *"Yes,"[they said] you need guns? I'll provide them or my partners will." In other words, there was arms trafficking in the capital of Peru in Lima that the army sold. In other words, the situation was a common disgrace. (…)* I think it was difficult to bring them [the weapons] here, but the trafficker brought them and sold it to us." (Llexaup)

Before the CADs received weapons from the government, connections to drug traffickers allowed them to finance their fight against the guerrilla. Those who remained in the region used the abandoned fields to grow food and coca and sold them with the intention of buying arms and paying members of the autodefensas for their "service" (Llocadexm; Gorriti 2009: 2):

> *"We harvested on the abandoned land. But it has not only been coca. The three products were coffee, cacao and coca. But all the income has been to buy ammunition and weapons. That way we have armed ourselves. Nobody has given us a weapon (…) Of course the largest amount always came from coca. Because there was coca and it was sold. It was harvested and sold*." (Llexaup1)

By the mid-1980s, the valley became the second biggest producer of coca in the country driven by the conflict and the international demand for drugs. Between 1984 and 1990, these circumstances led to a boom in coca production that helped to push back Sendero Luminoso and sustain the population. After the capture of Guzman, and the intense control by the CADs and the military, only a fraction of Sendero Luminoso under the command of "Feliciano", remained active in the valley. In most districts, there was no more politically motivated violence. After the guerrilla was pushed out from most of the valley, coca plantation increased. In 1991, peasants planted 12,000ha of coca, while four years later in 1995, they planted around 21,000ha (O´Brien 2008).

7.3.4 Coca Crisis

The growing coca trade demanded the construction of several "simple" airstrips for the transportation of drugs, weapons and money, which was also organized by the CADs (Fumerton 2002: 144). Because payments were made in USD, the business with coca and PBC led to a "dollarization" of the region until 1995. This resulted in a short-lived dynamism of the economy. Pamapampa, a small town an hour from Santa Rosa, became the center of the trade. The airstrip constructed here was highly frequented and also very lucrative (del Pino 1996: 170). *"There were big parties during that time in Palmapampa"* (Vrapold). Although some infrastructural improvements were made during that time, the town still shows many infrastructural shortcomings such as dirt roads, and problems with water and electricity. The airstrip constructed for narco-flights still exists, but now serves the National Anti-Drug Police (DIRANDRO) whose operational basis in VRAEM is located in Palmapampa.

In 1995, the coca economy of the valley was in a huge crisis because of growing pressure by the military on the local population. During the Fujimori administration, planes that allegedly transported drugs were shot down. One ex-leader of the autodefensas therefore mentions:

> *"I do not know why Fujimori is called a drug trafficker because with Fujimori it disappeared completely, he stopped the drug trafficking, he closed all the borders, he put radars, even I cried because I had 40 arrobas of coca and could not sell anyone and when I did, I was paid five soles and that did not cover the work that was done." (Llauexp2)*

However, even though the fight against coca production and drug trafficking became more repressive, reports about involvement of state security forces in the drug trade emerged (Durand Ochoa 2014: 63, also "Bigger Picture").

In addition to the more restrictive state policies, the disruption of the big Colombian drug cartels influenced the decline of local coca and PBC production. The loss of this main source of income led to a financial crisis in the valley: *"There was nobody for buying [coca] it was a big misery (una miseria grande)"* (Stpop1). Prices for coca were as low as 0.40 cents per kg, which resulted in misery for the region that depended on coca (Durand 2005). Local cocaleros organized to advocate for coca production, against growing pressure from state forces and alternative development agencies. But even if the consequences were severe, they were short-lived.

By the end of the decade, people started growing coca again as soon as the opportunity arose (Interview Analyst LAnt). After recovering from the conflict and the collapse of coca prices in the 1990s, by the end of the decade, the coca and drug economy revived and attracted migration into the valley again. The decision to plant coca again became possible because of a combination of factors like external demand, local skills, and lack of territorial control and coercive capacities by the state (see Bigger Picture). Campesinos also produced other crops like barbasco, pineapple, banana, and papaya, but coca was the dominant economic factor. In 2010, the region became the biggest producer of coca in the country (UNODC 2013).

7.3.5 Conclusion History

Summing up, the region of the VRAEM was not the primary interest of the state. Even if some infrastructural programs improved the accessibility, this did not integrate the peripheral region into the state. Moreover, the destruction of the territorial oligarchy reshuffled agricultural business and resulted in lesser political integration of the region. Local organizations and local structures were formed apart from state organizations and remained quasi-autonomous without a closer relationship to the state.

There are two core factors that influenced the historical development of the region and its relationship towards the state. The first aspect was the internal conflict, which had many implications at the organizational level. Autodefensas exercised more control and provided internal and external safety for the community. This role is still highly appreciated by the population and displayed in current narratives, even by those who did not live in the area during the times of conflict. This particular role of the CADs during and after the conflict is still a matter of self-esteem for the population, evident in remarks such as the often formulated "*we won against the subversion*". Furthermore, in order to being able to defend themselves, the conflict led to an aggrupation and growing of settlements and thus set the basis for the growth of villages. In the absence of an effective state control, the autodefensas assumed the role of security provision and social order.

The second major factor is the coca economy. Its development is closely related to the conflict but it remained important and constitutive afterwards as well. Before the conflict, the economy was diversified and based on agricultural products such as café, cacao, barbasco, and coca. Essentially, the financing of the anti-insurgent fight led to a growth of the coca economy. Coca and the growing PBC trade became a sort of "war economy". In a sense, the VRAEM shows how a classical "*war economy*" transforms the local economy not only during times of war, but also dictates the economic structure of the region after the war. But unlike other cases, where easy to extract ('lootable') resources supported the rise of warlords (Ellis 1999: 164-180) or prolonged civil war (Ross 2004) such as for a decade long internal conflict in Colombia (eg. Chernick 2005), the coca economy in the VRAEM was not exploited by armed actors for personal financial gain or an insurgent strategy. It also did not lead to the suppression of the local population in order to extract economic rents. On the contrary, the economy was supported by the local population and provided the means for self-defense and economic survival in the valley. It became the primer source or income, which allowed the CADs to buy weapons which is different to the Alto Huallaga. The role of coca became the start of an essential crop and remained essential after the conflict. Coca remained the primer source of income in the region. In the margins of the state, the coca economy became a valuable resource that was able to bridge the infrastructural shortcomings and provided income for the local population.[184]

Examining these aspects on the historical formation of the valley is important to understand the local structures in relation to the state. In the absence of a dominant state authority and without proper integration, the VRAEM remained an area in the margins, wherein people became connected to the

[184] These factors give some indication for other cases, in which the transformation of a "war economy" proved to be difficult and informality remains high in the years after war and conflict (Andreas 2008).

illicit economy, which was a source for ensuring survival. These factors set the basis for the local economy and the social order in the valley.

7.4 The Coca Economy Today and its Implications

7.4.1 Characteristics of the economy

On the way into the valley, the sheer number of the latest Toyota Hilux 4x4 vehicles is remarkable. These cars, each costing around 20,000 to 35,000 USD, are mostly used by "taxi drivers" who transport people from Ayacucho into the VRAEM or even within the valley. A police officer tells me that the majority is *financed by the narcotrafico* (Vrapold), which is later confirmed by statements from shop owners, researchers, and even taxi drivers themselves, but only with reference to other drivers. Entering the bustling regional hub Pichari, about one hour from Llochegua and two and a half hours from Santa Rosa, the influence of the coca economy becomes visible through vast numbers of agrochemical-shops, expensive Toyota Hiluxes, and a big discotheque. Another feature is at the central plaza, a decorative piece that employs two-metre-high coca plants, which gives an indication of the significance of coca. In the valley, coca is more than just a crop. It is essential for the economy and is loaded with cultural symbolism.

Today, the VRAEM accounts for 44 percent of the total coca production in Peru (UNODC 2016).[185] At the same time, the efficiency of coca production has improved and more coca per hectare can be produced.[186] Apart from PBC, cocaine production also started in the valley at the beginning of the 2000s. The production capacities in the VRAEM are at 3,6t/ha compared to 2,4t/ha nationally. This results in the potential production of 66,494t of dried coca which is roughly 69% of the national production (UNODC 2016: 35). The majority of coca is produced in small scale farms of two hectares or less and is mainly destined for the production of drugs.[187] The exact magnitude and dependency of

[185] Estimations are around 18,333ha of coca for 2016 in the VRAEM. Since my fieldwork started in 2015 the following will work with the numbers available by that time.

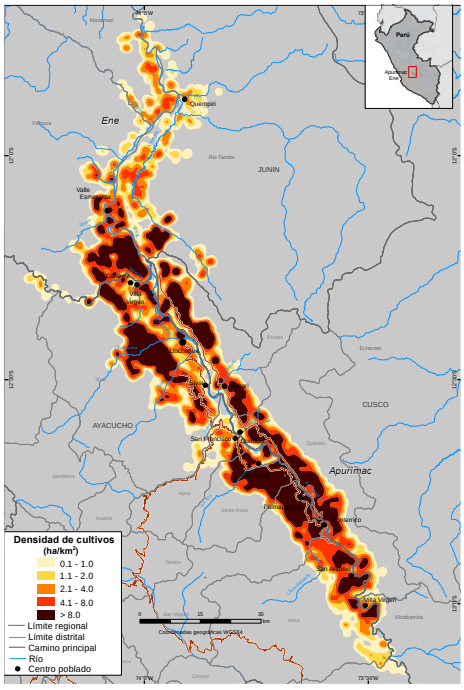
Interviewees imply that the actual numbers may be a lot higher. Measuring difficulties via satellite cannot account fully for the coca plantations. Moreover, eradication figures compared to plantation numbers suggest a discrepancy. The latter is also related to the high amount of replanting coca after it was destroyed (http://www.insightcrime.org/news-analysis/challenging-the-cocaine-figures-part-iii-peru)

[186] The UNODC estimates that in some areas, a coca plantation of one hectare can produce about 200,000 plants (UNODC 2016: 35)

[187] Officially 35,6% do have 2ha or less in the Southern part of the VRAEM (IV Cenagro 2012). Another important aspect are land titles in the area: http://www.inforegion.pe/30823/cofopri-entrego-3-mil-619-titulos-de-propiedad-a-pobladores-de-tres-distritos-del-vrae/ accessed on 10.11.2016.

the local economy is difficult to assess. In a recent study, Leyva and Mendoza (2017: 65) estimate that the majority of the economically active people in the valley, work in the agricultural business (70,2%) and that coffee (16,6%) and cacao (12,3%) occupy a bigger share in the licit economy. In Santa Rosa and Llochegua, the number is above 75%.[188] However, these numbers do not reflect the economic basis of the valley. A leading police official said "We can assume that close to *100% are either profiting directly or indirectly from the illegal economy*" (PolGP). While this is difficult to verify since the illicit economy operates in "the shadows", based on the magnitude of coca and PBC production, we can assume that the economy of the VRAEM is poorly diversified and based primarily on the illicit economy (see also Brombacher et al. 2012).[189] The prices of alternative products (cacao and coffee) in relation to coca, are very low in comparison to the licit coca sold to ENACO and even lower in comparison to the prices for coca sold on the black market (Leyva and Mendoza 2017: 14). It is no surprise that the economy is dominated by coca and it's derivate.[190]

Figure 14 Coca Cultivation Density VRAEM 2014



District	Hectares 2014	% ha VRAEM 2014	Var. % 2009-2014
Santa Rosa	2461	13,1	-31,3
Llochegua	2567	13,6	-16,8

Source: DEVIDA 2015:38; based on UNODC 2010 and 2015

[188] Although there are around 19,000ha of coca in the VRAEM, coffee and cacao occupies in total more than 39,000ha. Coca is the dominating economic crop (MINAGRI 2012; Leyva and Mendoza 2017: 68, 200).

[189] Peasants also produce other crops such as barbasco, pineapple, banana, and papaya, but the economy is primarily based on coca.

[190] A study found that 90% of the local economy is based on coca (MINAGRI 2012), 6% on cacao and 2% coffee (InfoRegion 2009, Pereyra 2009).

As presented in the table above, the districts in focus produce a considerable part of the overall coca production in the VRAEM. There are several reasons for the dependency on the coca economy. Economically, growing coca has had the same benefits for peasants in the VRAEM as elsewhere in the country. Due to the economic benefits through the illegal market, peasants make more money with coca than with any other crop. In 2015, the price for one kilo of dried coca used for PBC production, was at US$3.2/kg which is around US$ 2 lower than in Alto Huallaga (UNODC 2016: 9). On the other hand, prices for PBC and cocaine in the valley are around US$745/kg and US$1,133/kg respectively nationally (UNODC 2016: 15; interviews Ll., Pi., Str.). The capacity for high resistance and the possibility to harvest every three months makes coca even more attractive to grow.[191] However, the market is very volatile.

The prices of coca in the last months of 2015, seem to have fallen from over 110 to around 80 Soles (ca. 24 to 30 USD) for one *arroba* (11.5 kg). One main reason is a shift in transportation from air-trafficking to transportation via *mochileros* and cars (in a second step, PBC is transported by small airplanes). As a consequence, selling to ENACO becomes more beneficial since they are paying up to 90 Soles, though only for the best quality. Most coca is sold as the second best (85 Soles) and third best quality (40 Soles). Table 16 shows this volatility in the coca market in San Francisco and Santa Rosa, for three consecutive years, compared to the prices for illicit coca, PBC, and Cocaine. I was able to access data on the coca acquisition directly at the ENACO offices in Santa Rosa and San Francisco for the months of November and December. As presented, substantially more coca was sold in December 2015, compared to the years before, suggesting that ENACO absorbs some of the coca that originally was produced for the PBC production. Hence, when prices on the black market are low, selling of coca seems to shift towards the legal market. An ENACO employee in San Francisco mentions that the coca market is very volatile and that changes between 7 and 20t coca per month would be normal. At the same time, interviewees tell me that for harvesting coca, people can easily make 100 to 150 Soles per day. It all depends on the prices on the black market, where prices of PBC range from USD600 to USD830 per kg (Vrapolint; Llpopm2).[192]

[191] The production of PBC and the cultivation of coca has severe consequences for the natural environment, including contaminated rivers with lead, chromium or phosphate (DEVIDA 2013a: 34-35).

[192] The acquisition numbers are to a high extent based on estimations and can therefore vary (see Zevallos 2017 for a discussion), but still they can be used as an approximation. Prices depend on the quality. Price per *arroba* (11.5kg)/ per kg 1st: 90/7,83; 2nd: 85/7,39; 3rd: 40/3,5 (PEN/ US$). Officially in San Francisco are ca. 5,040 and in Santa Rosa are 1,550 registered producers.

Table 16 Acquisition of Coca by ENACO

	San Francisco in t	Santa Rosa in t	Prices of Coca $US/ kg	Price of PBC $US/kg	Price cocaine $US/kg
2013	November 7,9 December 7,7	November 13 December 9	3.6	838	1,240
2014	November 7,5 December 4, 7	November 9 December 8	3.7	804	1,228
2015	November 20,9 December 35,8	November 16 December 19	3.2	715	1,169

Source: data gathered from ENACO Santa Rosa, San Francisco; UNODC 2016: 74-77

Other than the market prices of PBC and the acquisition of coca by ENACO, table 16 also displays the effect on changes in the state strategy against drug trafficking. The decreasing PBC prices coincide with the destruction of local airstrips and the transition from air transportation to other means of transportation in 2015. The shift in drug trafficking routes might at first explain price changes, but drug traffickers have proven to be very adaptable, which balances out prices as long as external demand stays high. People are aware of this volatility but also highlight the possibility of rising prices. One coca farmer told me: "*They [on the black market] buy your coca for 150 Soles. So, you as farmer, you will then not sell to ENACO. Prices rise until 200 Soles and ENACO still keeps the prices at 80 or 90 Soles, and ENACO selects only the best leaves, [whereas] the others come and buy everything. You, what do you prefer*? (Llpopm1). These high prices are demand driven and people would find a way to transport drugs out of the valley as long as they get paid.

Additionally, the following economic reasons for producing coca were mentioned to me in the VRAEM:

- *Alternatives such as coffee and cacao are the biggest legal crops in the valley but can only generate a fraction of what is being generated by coca*
- *The coca economy generated an economically dynamic valley, which resulted in higher prices and relatively high costs of living in the area. Prices for farmhands are relatively high and the licit products do not generate enough money*
- *The soil is relatively exhausted because of coca- and drug production. This has partly to do with the usage of agrochemicals that impacts the soil, and makes it more difficult to grow organic alternatives or to grow licit alternatives at all.*
- *Missing market access, or bad infrastructure are additional challenges for finding alternatives to the coca*

Finally, there are few private investments in the VRAEM because of several reasons: 1) bad infrastructural conditions increase the relative costs for alternative products. 2) the reputation of the VRAEM as a dangerous and insecure region, 3) recent attacks of Sendero Luminoso on police stations, 4) the need of paying "extortion money" to Sendero Luminoso, 5) the prevailing corruption, and 6) the

risk of social insecurity especially related to the possible eradication, restricts investments (Leyva and Mendoza 2017: 20-22).

These aspects need to be considered alongside the geographic and demographic complexity of the VRAEM when analyzing why it is difficult to diversify the local economy. In consequence, the prevailing impact of the illicit economy is high, given that there are no alternatives. The structuring of the illicit economy moreover, involves many players, resulting in the inclusion of various elements of society in the illicit value chain.

7.4.2 Organizing the Illicit Economy in the VRAEM

This section will explain the present structure of the drug economy in the VRAEM. Information for this section comes mainly from expert interviews with local traffickers, the police, and police reports. Even though this analysis focuses on Santa Rosa and Llochegua in particular, the organization of the illicit economy is similar throughout the valley (Vrapolint.). Today, drug production and drug trafficking in the valley is organized by smaller groups and not under the umbrella of big drug smuggling organizations as was the case in the 1980s and 1990s.[193] Three stages of the illicit drug chain can be found in the valley: production, distribution, and commercialization (Mujíca and Zevallos 2013; Rojas 2016). Either directly or indirectly, the main source of income in that region is coca. This includes farmers, chemists, and smugglers.

It all starts with the production of coca. Owners of coca plantations grow the crop by either planting seeds directly in the fields or by growing the coca in a seed bed before it is planted. The seed bed method is more common. After plantation, coca leaves can be harvested every 4 months. In larger plantations that have more than 3 hectares, “peones” or “farmhands”, are contracted to do the harvesting. In Santa Rosa, every morning reveals the same scene. At about 4:30am, young men gather at a particular corner just outside of Santa Rosa. These men are *peones* waiting to be picked up by one of the Toyota 4x4 vehicles.[194] These workers, mostly young men from the region or migrants from the highlands (Sroresj), hover at the lowest level in the drug production hierarchy. They work on the fields, where they are paid on an hourly basis or depending on the kilos they harvest. Usually, workers earn around 100 to 150 PEN (30-45 USD). There seems to be a constant demand for day workers, since the

[193] One example of a drug trafficking ring is the case of Óscar Rodríguez Gómez (Turbo) http://www.inforegion.pe/36822/organizacion-de-narcotraficante-%E2%80%98turbo%E2%80%99-en-el-vrae-ahora-es-manejada-por-su-madre-y-sus-tios/. Others are: Quispe Marmolejo, Yanarinri (Santa Rosa) or Turbo, Los Tibenqui, Barros, Vacochorro, Cordero, Papitas (Llochegua) IDL-R: Clanes cocaina (2012) https://idl-reporteros.pe/principales-clanes-de-la-droga-en-el-vrae/

[194] I observed a similar scene in Palmapampa as well.

crop is produced throughout the year without a concrete time for harvesting.

Once coca is harvested, it is dried in the sun. Driving through the VRAEM, drying coca laid on large plastic blankets is a common sight.[195] Transportation of the dried coca leaves for the production of PBC is done by different actors. Dried coca leaves are mostly refined to PBC, to reduce transportation costs. This is done in ”laboratories” that are at or near the coca field and is often close to a river so that waste disposal is easy. In some cases, these laboratories are communal and used alternately by various producers. In other instances, coca is transported to other districts for further processing. Several of these production sites are in different spots of the valley. Mostly, leaves are picked up directly at the field, so the farmer does not need to bring his product to a market to find a buyer, an advantage over legal crops, which need to be transported to a regional market which is a four-hour drive away. Coca is usually transported during the night. Since most of the coca farms are not officially registered with ENACO, the police would have the possibility to confiscate coca. Hence, during night time, Toyota 4x4 vehicles drive sacks of dried coca to PBC production sites. The police are not actively looking to confiscate coca. “*Seizures of coca leaves happen rather as a byproduct of other operations than by [actually] going after it*” a police official said during an interview (PolMPa).

The production of coca for PBC, works without a bigger management scheme and offers better paid jobs than agriculture. However, these people are still relatively poor. A prosecutor in the region tells me:

> *“Everybody is poor, farm people, transporter, well at least that’s what they tell you. They are people who have been told “listen, take this package and I pay you 200 soles”, some said that if they knew that they were carrying drugs and that they needed money for their mother, sister, or for themselves, and others tell you they knew nothing." (Vrafim)*

Cocaine is produced either directly in the VRAEM or in other areas of Peru, close to or within bigger cities. Indeed, the transportation of PBC and refinement of cocaine close to big cities and shipment points, offers benefits such as the availability of chemicals and lower risk of losing the value added end-product. There are several possibilities in the production of PBC and cocaine and as in other regions, the process is constantly diversified, also as a response to state policies (on the production see also Mella 2012; Grisaffi 2014). The production of the required amount of PBC, involves the use of products and chemicals such as sulphuric acid, cement, kerosene or gasoline, sodium carbonate, and saltpeter. Regulating these substances would therefore be an important step to undermine drug production possibilities, but implementation is half-hearted (Vizcarra 2014) “Chemists” also use alternative ingredients in the production of drugs. These chemists have an important role since they

[195] There are also reports of drying coca in ovens and the use of fresh leaves directly for the production of coca derivatives. However, these are relatively new techniques and not as common in the VRAEM as the use of sun dried coca.

make sure that the produced drugs reach a high level of purity. Often, the involvement of people from "*other countries*" in this step is apparent.[196] Colombians, Bolivians and even US-Citizens are mentioned during interviews with officers from the anti-drug police DIRANDRO and (ex-) traffickers.[197]

Once there is an order for drugs, a contact person responsible for a part of the whole shipment informs different production sites within the valley (Vrapolexg, Strresm).[198] Instead of one actor controlling the illegal economy such as the infamous "cartels" in Mexico or Colombia, smaller groups or *family clans* control parts of the illegal value chain which begins in the coca producing valleys. In 2012, at least 12 family clans carried out larger operations of managing production and shipment of drugs (UNODC 2015; IDL-R 2012). Production and transportation also diversified, and many actors are involved and control parts of the process, from the production of coca leaves to the production of PBC and finally transportation of drugs out of the valley. The means of transportation have changed compared to the 1990s, when international cartels were still present in the coca areas. Today, the "management" of the collection of coca leaves, the production of PBC and cocaine, and the transportation of the drugs to a shipping point leaving the valley, are all in the hands of local groups. These groups are smaller, more dispersed and are often related via family ties (UNODC 2016).

The last and most value adding step is the transportation out of the valley. There are three main possibilities for transportation: by plane, by *mochileros,* or by car.[199] Until 2015, transportation was mainly via small airplanes. Infrastructure was *leased* to drug traffickers for $10,000 to $20,000, renting an aircraft was about $20,000 to $30,000 (Insight Crime 2012). Every small plane could carry around 300 to 400 kg of PBC or cocaine. The police destroyed most of the illegal landing strips near production points in 2015, which was a costly endeavor and involved both military and police forces. Nevertheless, illegal runways can still be found in the valley in areas difficult to access by state security actors, but they are not as numerous as before.[200] During the time of research, transportation was done via land, either by car or by *mochileros*. Mochileros usually transport drugs in groups of 10 to 20 people, and

[196] A young smuggler in Santa Rosa told me that in the month before, two young men from the USA worked as chemists in the region. The young men told me with admiration that they achieved the highest level of purity he has seen in the drugs.

[197] This claim is of course difficult to verify, but it is an indicator that the production is quite lively and internationally connected.

[198] During my fieldwork in the VRAEM and various talks with current and former Anti-Drug police officers, I found that the majority of drug orders from the VRAEM and first step for drug transportation is Bolivia, before it will be further transported to Brasil.

[199] Mostly young men carrying up to 20kg of drugs in their back-pack (Spanish: "*mochila"*).

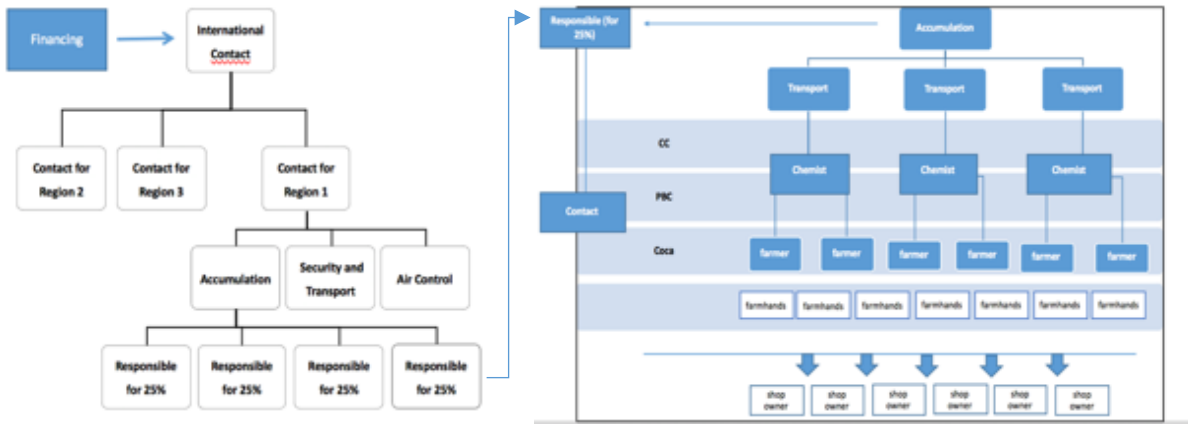
[200] Often, illegal runways are beside rivers, which is on the one hand, easier to construct and on the other hand, not always visible at high water level.

with armed guards for protection, to "shipping points" outside of the valley. These are either illegal airstrips with single engine machines flying the drugs out[201] or cars carrying them out. Mochileros are typically young men around 17 to 20 years of age, strong enough to walk long distances with the cargo. Additionally, cars and pick-up trucks transport cocaine or PBC out of the valley, hidden in car tires or automobile covers. An increasing number of cars and transportation services in the valley make detection of drugs more difficult. Their destinations are cities outside of the valley, ports at the coast, and the border regions in Bolivia and Brazil. Several trafficking routes lead out of the VRAEM, which traffickers use alternately, to avoid detection by security forces. Transportation is the most critical part in the value chain before the drugs reach the shipping points since its more vulnerable to the police or attacks by other traffickers on the road. Thus, this step also demands security provision, organization, and informants to inform about the police or to influence their action. Former guerrilla fighters of the Sendero Luminoso, the Clan Quispe Palomino, serve now as security providers for these traffickers. Once the drugs reach a shipping point (another illegal landing strip, a port) or a depot, an international syndicate takes over the part of transportation, or another national organization manages the further transportation chain (Srresj; Vrapolg1; Papol1).

Following these informations, the figure below schematizes the whole scheme (Figure 15). Neither the contact person for international drug syndicates nor other actors in the production process have full control over the production or transportation chain. Accessing the illicit economy seems to be easy. In particular, young people seem to be easily attracted by the chance of making "easy money". People know each other and even if there is no open talk about it, those involved are known to everyone. This is also true for the higher ranks in the drug business (Strresm.; Vrapold.; StrextJ).

Figure 15: Structure of Communication within the Illicit Economy in VRAEM

International Structure *Local Structure*



Own elaboration based on interviews and police data

[201] To Bolivia, Paraguay and finally Brazil.

Within this scheme, there are also different responsibilities regarding the control of police activity. Alongside other actors, there are also people responsible for controlling police activities, and others to secure the transportation of drugs. For each area, we find a similar organizational structure.

Organized like this, many people are directly involved in the production chain, while nobody really controls the bigger parts. The higher the hierarchy, the less people are involved. Hence, the system of the drug economy produces a fragmented network and provides work for many people, while at the same time the communication structure is closed. This *diversified* production and commercialization scheme is also more difficult to detect and fight for the police. Economically, the biggest share of the income stays with the people at the top of the chain, while the lowest levels earn only a small percentage of the value, once it leaves the region of production. At this step, it is also important to note that there are rarely large confiscations of drugs (100kg or more)[202]. This can be related to the "layered" trafficking scheme, and also to corruption, as people tell me (traffickers and police officers). Thus, people incarcerated for drug trafficking offences are mostly the *small fish* (see also Social Consequences) (Interview Sroresm; Sroext).

7.4.3 Economic consequences in Santa Rosa and Llochegua

Entering the district center of Llochegua on a gravel road coming from the nearby river, one has to pass through the *bar zone* consisting of 33 bars ("cantinas"). These also serve as brothels. I entered during midday, heavy Reggaeton beats filled the air, and young men without shirts and obviously drunk, stumbled through the streets. During night time, there would be many more people and bars would be full, as a highly respected ex-president of the self-defense force of Llochegua tells me: *"Every night this turns into Sodom and Gomorrah (…) it´s a disgrace, it hurts me to see"* (Lloexaup). Once at the center, the number of clothing shops, small shops, and restaurants (19) is striking (table 17). Also, the existence of 13 hotels in an area with officially high levels of poverty is remarkable.

As one police officer tells me, *"All business here depends either directly or indirectly on the illicit economy"* (Llpolm). An interview with a hotel owner who moved from Tingo Maria[203] Two years back revealed that economic possibilities brought him into the valley. He claimed to earn enough to finance

[202] Larger amounts of drugs were ultimately found in the district of Santa Rosa 115 kilo of cocaine and PBC (El Comercio 2017)

[203] He states that the economic situation in Alto Huallaga forced him to move in order for being able to provide for his family.

the education of his two daughters (Llhotm). When I asked him where the money is coming from, he only replies, "*that is obvious, look around. I can´t tell you more than that*". Only minutes later, he offers to transport drugs to Germany. He knew very good chemists who would know how to make a suitcase out of cocaine or how to hide drugs within clothes "chemically", which would not be detectable (Llhotm). Today, the district of Llochegua is seen as a major center for drug production and drug trafficking. Several illegal landing strips are detected by the police, while intelligence reports see high production capacities. The district capital alone has three gas stations, although two had to be closed since they operated without a license. Petrol is one of the main ingredients in the production of PBC.

The same can be said about Santa Rosa. The capital of Santa Rosa is a clean and relatively quiet, but busy place with many people on the streets. The year 2000 saw an economic growth for Santa Rosa that included the construction of the plaza de armas – the main square. The plaza de armas is quite big with a fountain (though without water) in the middle, trees and plants, and is more a park than a plaza. The city is growing. In 2000, there was only one hotel while today there are eight. The 22 bars are also striking and most of them serve as a "*meeting point for prostitutes*". During the weekends, these bars are well-attended from the mornings until night-time (see *A night in Santa Rosa*). The dominant businesses in the VRAEM are mostly based on bars, restaurants, and clothing stores.

Table 17 Businesses in Santa Rosa and Llochegua

		SANTA ROSA (CAPITAL)	LLOCHEGUA
CONSUMING BUSINESS	Hotel	8	13 (laut Plan 8)
	Shop	26 (28	21
	Clothing shops	12 On weekends additional stands	19 (33) On weekends 21 additional stands
	Restaurants	18	19 (18)
	Bar	22	33 – (laut Plan 42)
	Discotheques	2	6
	Beauty Salon	**5**	**6**
OTHER	Agricultural Shops	11	7
	Construction	2	1
	Pharmacy	7	4
	Werkstatt	9	10

COUNTED WITHIN TWO BLOCKS AROUND MAIN PLAZA

Also striking are the agribusiness shops that sell agrochemicals and fertilizer. Moreover, high numbers of pharmacies stand out. Both can be linked to drug production. While agricultural shops are able to import fertilizers for agricultural production, especially coca, they can also import chemical ingredients for drug production (Vrapolint.; Lexp3). The same applies for pharmacies. In one parallel street of the central plaza in Llochegua, three pharmacies side by side, selling similar products with the same prices. Furthermore, construction shops and many small shops sell basics for the production of coca and PBC/ cocaine including plastic gallons and cement.

As a prosecutor working on drug related issues says for Santa Rosa:

> *"The majority of Santa Rosa are drug traffickers, especially from the populated centers but you know that of the 100% 20% are in the cities and 80% in the centros poblados. (...) The way to operate drug trafficking in Palmapampa for example is Hilux vans, Honda motorcycles, a place where I assure you that the owner is narco is where you find pools, a bar and some chefs, you arrive at that place and automatically the people who are there look at you weird. I was in Palmapampa for a course of investigation techniques, and there the ones from the DIRANDRO told us to come to that group, where there was a girl and guys with Hilux vans and youngsters from 19, 18 years on their motorbikes, and they told me that four months ago they had caught the girl who was pregnant, carrying drugs, but she did not need to explain herself, because she was released before she had been presented to the judge. The public ministry accused the judge and ordered that he had to be taken to court, but even worse then three months later he is free. […] All who are with her [the girl] are traffickers, and they are not to sell little quantities they distribute kilos and they are young the oldest will have 23 years, and that pickup-truck that they have I cannot effort myself" (Vrafim: 110 - 118)*

While the economic benefits of the drug business are quite visible in the urban centers, poverty can be seen in the margins of the districts and once one leaves the center. Houses are built with less sophisticated material and an employee of an international NGO describes the health and nutrition situation of the population in villages, with bad infrastructural connections as “catastrophic” (interview Liongrc). An employee of the municipality explains:

> *"Because there is poverty, apparently because this is the jungle. There is drug trafficking so there is money? Well no. The ones who earn the money are those who produce cocaine, here the product costs a thousand soles and there how much does it cost? 70 thousand? Then there is no economic benefit, practically the farmer is a slave on his own farm (..) "(Llmunm1).*

Demands of the *peones* (farm hands or day workers) is constantly rising and in places where the daily payment for coca picking is high, *peones* demand higher wages for harvesting licit crops as well (Leyva and Mendoza 2017: 69). That is why also owner of larger coca fields not necessarily earn a lot of money since they have to pay higher wages for farm workers. Agricultural production with a lower turnout therefore, becomes even less profitable and leads to a low diversification of the local agriculture. Many products that could be produced in the valley are imported from other areas. Consequently, high costs of living and an even higher dependency on high profit margins are additional results of the coca economy. This leads to a paradoxical situation wherein the VRAEM produces a highly profitable

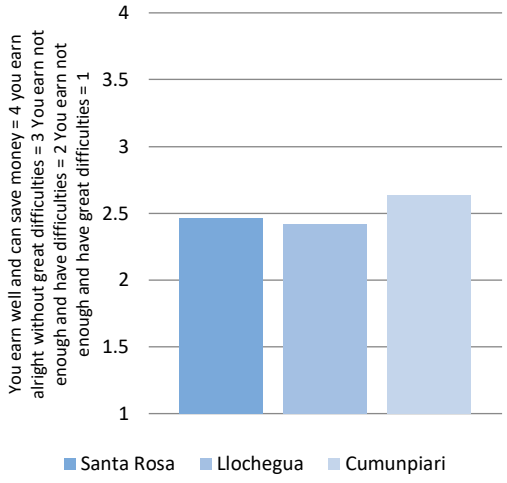
commodity, but at the same time most of the inhabitants are relatively poor, living in a precarious infrastructural situation.

Economic effects even go beyond the VRAEM itself and a possible eradication would have greater influence beyond the valley as a former NGO worker in the VRAEM told me:

> *"Look, here in the VRAEM if you want or not you are involved and you are involved in the issue of drug trafficking, directly or indirectly. The ones directly involved are the drug traffickers and the ones indirectly [involved] are the carriers, the merchants, the restaurants, and if there is no drug no money enters into the valley. And it not only provides for the VRAEM but other departments like Ayacucho, and others. In other words, if there is a radical intervention, everything will be reduced, there will be less transportation, less grocery sales, and if there were 50 people before then there would only be 15, 10, then everything will come down ... so, automatically, the coca goes down everything goes down. "(Vraexong)*

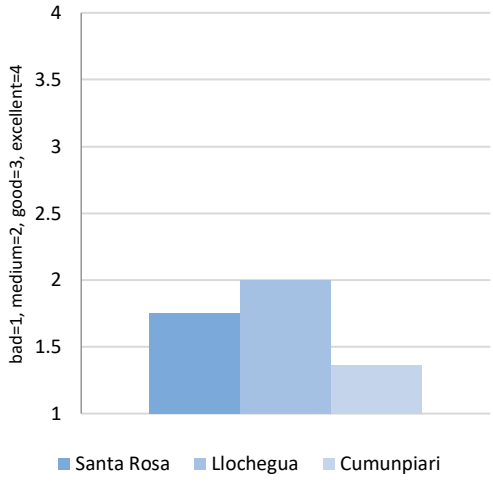
This dependency on the coca leaves results in a low diversification and also a big divide between the rural parts of the VRAEM and the urban areas (Leyva and Mendoza 2017; INEI 2015). Signs of relative wealth are quite obvious, but the official numbers indicate that poverty levels remain very high in the area. Moreover, the survey in Santa Rosa, Llochegua, and Cumunpiari, realized for this thesis, indicate that most of the participants do not earn enough money and tend to have difficulties in meeting basic needs. A second question focusing on the economic situation and wellbeing in the region indicates that most people are not satisfied with their situation.

Figure 16 Income Satisfaction



N = 65

Figure 17 Perception of Economic Situation



N = 65

These numbers are supported by INEI (IV Cenagro 2012) who found that only 16.7% of households in the southern part of the VRAEM indicate that their income is enough to cover their expenses. The latter might be related to higher costs of living resulting from the coca economy. This ambivalence in

the economy is a characteristic feature of the southern VRAEM: expensive cars, the high prices and the availability of consumer goods, and in contrast, high poverty rates.

An interesting aspect is that everybody pays in Soles. In the regions of San Martin and Alto Huallaga, people, including peasants, paid in USD which had been the main currency back in the days of the coca boom (Kernaghan 2009). People mentioned this to me during my stay in the region and even in Aguaytia, I saw people paying in USD (see chapter on Alto Huallaga). In the VRAEM however, everybody pays Soles, which is noteworthy because due to the illicit economy, most of the money came from outside of the country. The probability of a foreign currency, most likely the USD, being used for transactions is very high. Nevertheless, I have not seen anybody paying with dollars. The hypothesis of the military official is that money is changed in the many different banks in the valley and different "cajas", involving a higher level of criminal organization (Polint).

The economy of the VRAEM is an example in which the interaction between the illicit and the licit economy becomes visible. Instead of being two separate systems, they are deeply intertwined. One aspect is the direct investments coming from the drug production and trafficking business, into the circle of legal economy. Mainly, these financial flows are directed to consuming industries such as bars, discotheques, or clothing shops. While people indicate that their economic situation is not good, the price level is still high. Similarly, actors are interconnected when they sell, for example, agrochemicals to coca growers or ingredients for the laboratories, or by participating in both the licit and illicit economy. That would include for, instance, the owner of a restaurant who also owns a coca farm that sells his coca to produce drugs. Another example would be the taxi driver whotransports people by day and drugs by night, or even both at the same time.

Dependency on the coca economy is not just restricted to people directly involved in coca or drug production, but results in a complex system that influences the economy on the local and even on the regional level.

7.4.4 Coca as Binding Factor in Society – or "the right from wrong"

In the cocalero regions of Peru, we see societies that grew in particular because of the coca and PBC production. After pacification, people moved to the region in the hope for a better economic income. The number one economy is still the coca business. Instead of single actors or groups in control of the illicit value chain, the society as a whole is either directly or indirectly included. Thus, many people in the society take part in illicit production and the smuggling process and therefore, consequences for society are visible.

The local economy is an attraction for migration into the region and the diversified production scheme offers several working opportunities, in the illicit economy or in related businesses. Like in the Alto Huallaga, the population is bound together by the economy. It has resulted in a dependency but also a common understanding about the importance of coca for the society. In every conversation during research, coca was the main topic, even if there was no specific aim to discuss the issue. It mostly came with reference to poverty and the importance of coca for the economy was constantly highlighted, pointing out that without coca there would be even more poverty and everything would collapse. At the same time, the public view on coca and the drug economy changed. A young person from Kimbiri mentioned that in the 1980s and 1990s, trafficking was more obvious and traffickers flaunted their wealth. "*Everybody supported the other because everybody was obviously involved and everybody won. […] to be drug trafficker was socially accepted, it was just another work*" (Vrapop3) Today, involvement in drug trafficking is less obvious and people in favor of the coca economy, deny the direct relationship to drug trafficking vehemently (*"mira, estamos personas humildes, no estamos narcos")*.

The VRAEM had a more diversified income source than the Alto Huallaga, but coca was and still is the economic basis. Cocaleros have an important role in advocating the coca and combining legal and illegal activities. Durand (2005) describes their role in relation to state and non-state actors, their formation of institutions, and the economic control of the valley, within the institutional setting of different "agricultural organizations" such as the *Federation of Agricultural Producers of the Valley of the River Apurímac-Ene* (FEPAVRAE).[204] Its main representative was the eloquent and charismatic cocalero leader Nelson Palomino, a primary school teacher with an exceptional talent for public speech. As described in "The Bigger Picture", the cocalero movement lost strength nationally, after the incarceration of Palomino, but they maintained an important role in the VRAEM. They still have the capacity to unite local peasants and organize demonstrations in Lima, as was shown in July 2017.[205] Alongside their role as leaders, the cocaleros retain political positions like mayors and Juez de Paz. The Cocaleros' role within the illicit economy is ambiguous. While they stand officially against drug trafficking, cocaleros sell the vast majority of coca on the black market. *"We are selling to those that pay best. We are not responsible for what happens then."* (Vracocl, Vrafep). Still, coca is the basis for the production of cocaine. This ambiguity provokes criticism of the cocaleros and those advocating their cause.

[204] Other organizations included: FECVRA – Peasant Federation of the Valley and River Apurímac, FENDEPCO – National Front in Defense of the Producers of the Coca Leaf, FEPAVRAE – Federation of Agricultural Producers of the Valley of the River Apurímac-Ene, CONPACCP- as national organization to support the cause of cocaleros

[205] marcha de sacrificio July 2017 https://peru21.pe/politica/agricultores-vraem-llegaron-lima-solicitar-reunion-ejecutivo-85798

The justification of the coca economy follows two major strategies; one is economical, arguing that there is no other opportunity that would be a real alternative to the coca. The economic value of alternative crops is lower than the value of coffee or cacao. On the other hand, the VRAEM produced several different crops that provided a living in the time before the coca boom. Cocaleros continue under this "double discourse". *The current leader of the local cocalero organization FEPAVRAE explained:*

> "*Let's see, I'm a cocalero. Thanks to coca I am trying to educate my children so that later my children will not be the same as me. I want to give the best quality of education to them and a better quality of life so that they will later be useful to society better than I. That is why we take advantage of this little budget that gives us the coca leaf we invest in our children and the family and many aspects "(Llfepm)*

This is a common description; the coca is important to have the financial means to educate their children. The second strategy relies on the cultural value of coca; the coca as a divine plant that has existed for centuries in the valley (see also Durand Ochoa 2014). Nelson Palomino, leader of the CONPACCP, said this: "*When we defend the coca we defend the cultural identity of the "hombre amazonico" because its culture as the professionals of social science identify, in every history humans have culture*" (Vracoclm). These arguments and the reference to coca as a source of "social identity" that needs to be defended, serves as a common rationale against state actions. However, the cultural argument is also not as simple as presented. It is true that coca has a century long history in several areas of Peru, but in its extension, the VRAEM can only be partly related to this history. Additionally, the coca culture was more present in the Andes than the Amazon region which is why the reference to the "hombre Amazonicon" (the Amazon man) is misleading (O´Brien 2008; Gootenberg 2008: 16). Both arguments can also be found in the Valley of Alto Huallaga.

My overall impression is that the majority try to distance themselves officially from this illegal economy, arguing that it should not be allowed. On the other hand, the whole region depends economically on drug production and there is simply no way of not knowing that the majority of coca is produced for drug production. "*No hay forma, no vamos a negar esto*." – There is no way to negate this (Llexp2). On direct confrontation, the obvious connection to drug production is not denied. But at the same time, the direct responsibility for the production of drugs is de-emphasized with reference to the argument that there are no alternatives and therefore people would need to turn to producing coca. Additionally, there is a second argument that does not acknowledge the drug production chain:

> *"We as a farmer cannot do anything. Moreover, to my understanding as a coca farmer there was never a person who pressed me. I sell coca to anyone who offers me [to buy it] as any product [it's a question of] offer and demand. So, the person who offers me a little more, I sell it to. But I do not know who he this person, he only comes in the night, he picks up the coca and leaves. "(Llfepm)* Says the leader of the local peasant organization FEPAVRAEM.

What is interesting about this argument is that there is a consciousness about the illegal drug economy. People try to distance themselves personally from the drug economy and at the same time defend the coca economy either by pointing to the *cultural heritage* or the economic necessities.

One interview partner made no attempt to distance themselves from the drug economy and even bragged about their position. The close relationship between the licit and illicit economy results in a network that connects actors involved in the drug economy with actors of the licit economy, and blurs the lines between legal and illegal spheres. It is a legitimization of the local economy, stating that there would not be any alternative to the coca. As one owner of a coca field said: "*I know that I am doing something wrong, but not really wrong. (…) Look, there are simply no alternatives, if there were I would happily do other things but there aren´t*." (Sroresm). The connection to the drug economy is well known, but there is a need for justifying the illegitimate because of potential state action against it. "Legitimizing" the illicit is not explicit, there is no open support for the drug trade, but we see an implicit support for the cultural right and economic necessity of growing coca. Nevertheless, in the VRAEM, these two aspects of coca production and drug production cannot be simply separated. Also there are people migrating to the region precisely because of the possibilities offered by the illicit economy. The assessment of a policeman in Llochegua is similar:

> "To be honest, the whole of the VRAEM is influenced by drug trafficking (…) *from my personal view the whole population is involved in one way or another. Firstly, the problem of drug trafficking begins with the coca leaf, because the coca leaf can be sold to a good price. This is why the peasant plant coca instead of cacao or coffee (…) and because the price [of the latter] is much lower and like every family father who has kids he wants that they go to the university, he wants to have a bit more and prefers to sell the coca leaf on the black market" (Llpolm1)*

With regard to the coca economy social consequences are described as well. Many describe alcoholism as a major problem in the district with bars and brothels bringing in booming businesses. The majority of the interview partners mentioned the abuse of alcohol and prostitution as the primary vices in society. In a district that has a total population count of 11,000 (INEI), the official number of bars in the capital of Llochegua is 52. Those bars also serve as brothels which are popular among the local population. As we enter the center of Llochegua, the ex-president of the autodefensas of the area says:

> *"All bars are brothels. Look how the chibolos walk 16 years without shirt, drunk. This is one of the great pains that this area has. And this is because of the drugs. It cannot be denied, it is evident its undeniable. "(Llauexp1)*

Prostitution of underage women is frequently mentioned as a big problem. The effect on social life is particularly visible on weekends when people drink heavily in taverns. The number of taverns and brothels grew especially after the 1990s (Vrapop3). While I was talking openly about this with a member of the Autodefensas, the police seems not be aware of this situation – or does not want to be aware of it. In an interview, a high ranking police official claimed there are no more than 12 bars

without any kind of prostitution. When confronted with the abuse of under aged children working in these bars including the provision of sexual services, the local police commander replied: "*what happens behind closed doors is private business*" (Llopolcm).

Youth are particularly affected by the drug economy in the valley (Novak et al. 2011) and mostly are seen in the lowest part of the drug trafficking chain. From an early age, the youth learn to harvest coca leaves, produce drugs, or transport them.[206] Easy money has been mentioned several times and has a tempting effect "*Youth do not want to study […] the only thing they think of is to grow coca or to become "Mochillero" [smuggling drugs with a bag pack]"* (Lledujoum). In particular, young men look up to those who seemingly make money easily. As a Fiscal working on drug trafficking issues put it:

> *"These young people are the last of the chain, for example they are paid a money that is 1000 soles or 800 soles, which in reality is not much to transport and they get caught" (Vrafim).*

The attraction of coca for the youth is twofold. Firstly, it is the financial attraction of coca and drug trafficking. Secondly, and maybe more importantly, youth are constantly exposed to drug trafficking and the illicit economy. During their childhood and youth, they can get easily connected to drug trafficking. The Fiscal further explains:

> *"So, why do you think these young people are participating in these illicit activities?*
>
> *"Because it is the only thing they have seen in their life, they have grown up in that world and maybe they have seen their father or grandfather do those things and they continue with that." (Vrafim: 59 - 60)*
>
> *"An average man [in the VRAEM] is between 24 years old, sometimes with a complete primary or 4 years of secondary school, who was a farmer and is now a transporter, but who never finished school the majority." (Vrafim).*

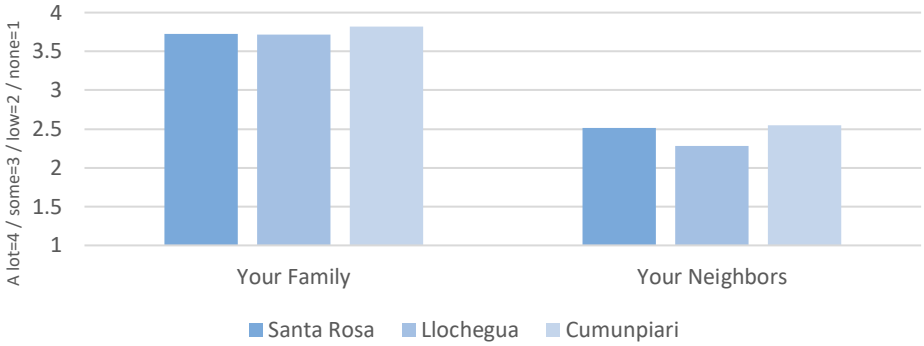
As a young ex-trafficker explains: "*look [when growing up] it was normal to see people selling drugs on the street. It was normal […] to see a friend of the same age driving a big car and everybody knew where the money was coming from. You get to the point when you want the same for yourself*" (Srotram2). To understand the world these young men are born into, I will describe the "nightlife" in Santa Rosa in greater length.

By measuring the levels of trust we can attempt to display the social relationships in the area (Gambetta 1990). Surprisingly, the numbers do not really differ when compared to when I asked "how much do you trust your neighbors?". When asked why there is low trust in neighbors, some indicated that people are jealous if someone owns money and that "*people are looking just after themselves*". Trust in the community and neighbors seems to be quite low. At the same time trust in the community is relatively low as well, which might be related to the fast-growing community, but also the conflict

[206] See a detailed description in the revista ideele: http://revistaideele.com/ideele/content/rescatados-del-vraem

might play a role in this regard (Bezan 2013). Low levels of trust are not untypical for postwar societies (e. g. recently De Juan and Pierskalla 2016) but in the case of the VRAEM evidence suggests that this can be also related to the illicit economy and incidences of "betrayals", which is related to the activities of the anti-drug fight by the state. Mistrust in neighbors and the community also be because of the fear that people would cooperate with the police in the fight against drug trafficking and thereby betray their own community. In this regard, DIRANDRO indicates that they get useful intelligence about the drug business from the population itself. This has been confirmed by traffickers who indicate that people sell out their friends to the police because of money or because they envy the other's success (Interviews Sroresm; Srotram2). Hence, while the reference to coca seems to be a binding factor in society the illicit drug economy seems to have opposite results.

Figure 18 Trust in Family and Neighbors VRAEM



N=65

Even if the system works for some, it results in misery for others. During a prison visit in Ayacucho, a young trafficker tells his story. In Ayacucho many of the drug traffickers from the VRAEM are incarcerated, in the heavily overcrowded prison. I visited the prison two times in 2016, when I talked to Carlos[207]. Carlos' career as a drug trafficker was very short, caught at his first attempt to smuggle 20 kg of cocaine. When he was caught, the police knew exactly where to look for the drugs in his car. He says that it was a set-up. Even if his life as a trafficker was very short, his story tells a lot about the system. He was initiated into it by "friends" who were all involved in smuggling and showed off their wealth. He wanted the same. One day he was asked directly if he wanted to do it. He accepted it even though he was scared. Two days later, he was ordered to drive and got caught at a police control point (in Machente). There are several stories like these, an anti-drug policeman tells me (Vrapolm). Often, young men are caught and used as pawns and they are in fact set-up and the police know exactly when they pass a control point and where to find the drugs. These captures produce good news for the police

[207] Name changed.

while on a parallel, a bigger transshipment of drugs passes uncontrolled. For Carlos, this set-up resulted in 12 years of prison in Ayacucho.

7.4.5 One night in Santa Rosa

A young former trafficker, Ruben[208], agreed to show me the typical night out and the life of young traffickers. We start by going to a bar. Bar visits are popular during both night and day, especially on weekends. But during the night time the two discotheques are also busy places. At 7:30 PM, we are heading to one of the 22 bars near the center of Santa Rosa. These establishments are all to find on one street and for the foreign eye only difficult to distinguish from the other "normal" houses. No windows, no brick walls as most of the housing in Santa Rosa; just a wooden wall painted in green and a big "Pilsen" emblem, a famous Peruvian beer brand *decorates* the bar we are about to visit.

A colorful, yet dirty sheet is covering the entrance. We enter and a big, simple room awaits us inside. Faint light from some light bulbs dimly illuminate the room. Small dirty tables with simple but solid bar stools stand in the room with no obvious order. The floor is tampered soil. The tiled urinal is on the right side, central of the bar with neither a door nor wall in front of it. Just besides the entrance there is a simple bar with one young woman behind the counter and two young women leaning against it, the waitresses. In various discussions, I was told that these bars all over the VRAEM employed minors younger than 18. Ruben tells me that they are not only waitresses, but also offer sexual services. When asked, Ruben told me that the "waitresses" are older than 18 – but I guessed that they could not be much older.

Some tables are already occupied; all men. One bigger group of six and two groups of three men lower their voices when they recognized me and suspiciously watch us while we sit down. Ruben knows a group and briefly greets them with a smile. After we sit down on the left-hand side of the room, Ruben quietly tells me not to stare at the other table and not to look around because it would make the men nervous. "*Que no hagas algo estupido*" – Don´t do anything stupid, he tells me. I nod – not that I was planning to do something "stupid". Ruben orders a big bottle of beer for both of us. "*Is there anything else than beer one could order*?" I ask him – "*Sure, Whiskey, Pisco, Rum and Coca Cola to mix*" "*Nothing else? Non-alcoholic*?" "*No, my friend, people come here to drink*." Besides the national beer one could also get international beer ("Corona"). One of the young women brings the beer and asks Ruben where he has been so long. He replied that he had to work a lot. She opens the bottle at our table and we pay directly.

After around fifteen minutes one of the men Ruben greeted beforehand stands up, comes to our table and shakes hand with my companion. He wears white white sneakers, jeans-shorts and a dark t-shirt

[208] Name changed.

and on his arms he wears a silver bracelet and a silver watch. He nods at me “Que tal?” “Que tal?”. After a short chat he lowers his had and whispers into Rubens ear, who shakes his head and says “No”. Now it is Ruben that whispers something while the other listens. After he finished, they look each other in the eye for a few seconds then the young man starts smiling greets again and leaves. “*What was that about?”* I want to know – Ruben explains that the young men said that he hopes Ruben will not sell him out, implying that I would be from the police. Ruben assured him that I am a scientist writing a book and that he has nothing to fear. I ask again if I would bring Ruben into trouble if they see us. He assures me that everything is alright, because he is well known and his family is well known and respected, that is why I would have nothing to fear as well. “*I also have a lot of information from many of those guys, they will not risk anything.*” he added but did not elaborate on that when I asked him what he meant by that.

After we finished the beer, we go to one of the night clubs. Only a small group of five people are there in the first discotheque. Besides them two beer cases. Ruben says it is still too early and that this would be the reason why not many people are there. Ruben is annoyed by one person of the group who does not greet him. Instead, the whole group left ten minutes after we came into the club, without finishing the beer. *“I knew him when he had nothing, now look at this. Not greeting. That´s lack of respect…”*. I ask Ruben if that might be because of me. He answers that this is a possibility. We change over to the other club at around 9 pm. Here, many young people gathered in a very loud atmosphere. People order boxes of beer or bottles of whiskey. In front of the club are several motorcycles, one Toyota Hilux and one VW pick-up truck. Ruben says most of them are narcos. Some are trying to show off or to get the right contacts, as he describes it. We stay for two hours before I decided to go back to my hotel.

The next day, a young man on his motorcycle stops me on the street, a young woman sitting behind him. He said he saw me in the club and wanted to say hello. *Are you here for “la blanca*”? For business?” He wants to know. “*No, I am a scientist, I am writing a book*”. “*Everybody comes here for la blanca*” he says as if he did not hear what I just said and continues by talking about some US-Americans, chemists who are able to produce the highest quality of cocaine. They came a couple of weeks ago, he says, that’s why he thought I was one of them.

7.4.6 Conclusion: The Coca economy

In the beginning of its colonization, the valley had a broad diversity of agricultural products. The local economy developed over time and shifted dramatically towards a coca-based economy during the conflict. It was a ‘lootable’ resource that supported the fight against the guerrilla. Moreover, after the conflict, due to the external demand for drugs, coca production resulted in an economic stability. This stability can also be observed in other post-conflict contexts (Andreas 2009; Snyder 2006). Even if

numbers for drug production are declining in recent years, Peru remains important in the international cocaine trade[209] and the VRAEM is an essential region for drug production in the country. Today, the coca and drug economy is by far the most important driver of the local economy in the VRAEM. The coca economy also was an impetus for the formation of the valley, as people migrate into the valley because of the opportunities by coca.

For our analysis, it is important to link the significance of coca in the local economy back to our theoretical argument on local order and state formation. The economy is an integral part of society, an arc that can bind together different social groups and makes a heterogeneous region more homogeneous (Ozlak 1981). The integration and extraction of various forms of economies is an integral part of classical state formation theories (Weber 2010; Moore 1966; Tilly 1985) and the extraction of resources plays a pivotal role that might also include the extraction of illicit resources (Baker and Milne eds. 2015; Meagher 2014). Coca and the illicit economy are a common ground in a socially quite diverse population in two ways: first, economically, as only possible income source; secondly, the coca economy seems to result in a common "identity", which is defended against changes coming from the outside. While the political authority defines what is legal and illegal, in areas where this authority is contested or where it has restricted influence, this regulation of legality becomes more difficult (Mayntz 2017). In the VRAEM, with its historically low state presence, the economy is based on an illicit source. The drug production and trafficking already involves a high number of participants (especially young men). An even higher number of the society profits indirectly from the illicit economy, and we see an implicit connection between legal business and illegal drug trade. Hence, the discussion about the legality of the local business results in the justification of the economic behavior. Even if the majority understands that involvement in this illicit economy is legally wrong, they argue that *morally* it is not. Instead, because there is no economic alternative, there is a common understanding that the coca (and implicitly also the drug production) is a necessity. More precisely, it is understood by many as an *evil necessity* ("un mal necesario"). While the economy is an integral part in the formation of the state, in the case of the VRAEM, the coca economy seems to be a bonding factor for society in the region. Similar results have also been found in other regions (Grisaffi 2010). At the same time, it is also the main reason for the refusal of state policies. People who accumulate more economic capital are mainly those involved in drug economy and/or in the consuming industries, which directly depend on the volatility of the prices of coca and the external demand.

Although state presence increased in the last ten years, there are no substantial changes in the amount of coca and drug production in the valley. State policies that aim to change this economy without

[209] Latest reports suggest even a rise in production (La razon 2017)

providing a viable alternative are more likely to be perceived as an *outsider's interference* which might increase local resistance instead of improving development. This "insider-outsider" situation seems to result in a strengthening of local bonds. In consequence, the coca economy resulted in an alienation towards the state and a strengthening of local economic structures. This alienation of the local coca economy from the legal economy proves to be a core problematic for integrating the VRAEM into the state since from side of the state more integration would lead to more agitation against the coca economy.

Table 18 VRAEM Economy (focus Llochegua and Santa Rosa)

Basis of the local economy	involvement of population	Relation of Legal and Illegal Economy
Dependency on the coca and the illicit economy That includes practices directly connected to the coca and drug economy but also the majority of other businesses such as bars, hotels etc. High number of "consuming businesses"	The majority is either directly or indirectly involved Wide acceptance of drug economy among the population In particular, young men are involved in drug production and trafficking	Entanglement of legal and illegal practices Including the production process of drugs (which includes legal products) Including a combination of work: eg. a taxi driver that also transports drugs; or a salesman of agrichemicals who also imports products for drug production

7.5 Security

Besides coca and drug trafficking, the security situation is typically the single most discussed factor in the VRAEM. The area is perceived as being dangerous because of drug trafficking and the presence of the Clan Quispe Palomino. However, the first impression I got while driving into the region is quite contrary to its common image. The urban centers of Llochegua, Santa Rosa, and Pichari seem well structured and safe. People are waiting in the shadows, hiding from the burning sun, buying in the markets or driving in moto-taxis without any signs of rush or fear. Also, after sunset I got a similar impression. During interviews, the calm in the region is highlighted as well. These personal impressions serve as a first indication. The following analysis seeks to analyze the security in the region more closely. Official crime data is incomplete and therefore, the following is mainly based on qualitative data gathered in the region (interviews, questionnaires and participant observation). I will first present the local security perception before I will analyze the security structure including actors and the provision of security

7.5.1 Security Perception

The perception of the security situation in the VRAEM is fundamentally different outside the region compared to the internal perception. Newspaper articles and reports typically portray the VRAEM as a very dangerous place and not only dominated by drug trafficking, but also by terrorists and violent gangs that would frequently kill people; especially those coming from outside. Before my research and subsequent stay in the region, I received various warnings and during several discussions with colleagues and friends, it became clear that most people assume the region is a very dangerous place. Most indicated that the only information they had on the region is from reports on drug trafficking and assaults of Sendero Luminoso on the police. But as it turned out, knowledge on the VRAEM did not go further. The image of the region is dominated by news on drug trafficking, the confiscation of drugs, destruction of laboratories, and violent confrontations of the police with remnants of the Sendero Luminoso. The public discourse on the VRAEM and the media coverage portraits the VRAEM as a dangerous place. However, while being in the region, I got another picture, which is unlike the violent portrait of the Valley. A common perception of people in the VRAEM is that "media and politicians" *demonize the valley*. When talking about the security situation within the VRAEM it was defended with the words: in the VRAEM "*todo es tranquilo*" (everything is calm) and often contrasted with the security situation in Lima: "Mira a *Lima, es un infierno*" (Look at Lima it´s hell).[210]

The analysis of the survey and the interviews show mixed results on security perception. Of those interviewees that talked about security, the majority mentioned incidents that pointed to security threats, but none felt personally insecure. Furthermore, the presence of state security actors does not translate into feelings of more security. During the interviews in Santa Rosa and Llochegua of those talking about security 72% mentioned situations or experiences that described insecurity that happened within the last year while only 15.6% explicitly described secure situations. These insecure situations included assaults, domestic violence, bar fights or even killings. On the other hand, nobody said that they felt personally insecure or described situation of personal insecurity. Not everybody talked about the security situation in the region and some interview partners mentioned secure as well as insecure situations and instances. Therefore, a comparison with the survey helps to clarify the perception of security. Here, we find a similar pattern.

[210] Moreover, people interviewed and participants of the survey indicated the reports on the VRAEM would exaggerate the security situation. In fact, they perceive the security outside of their communities worse. Again, the argumentation might give an indication of a common identity of the local population against external definitions.

Figure 19 Security Perception VRAEM

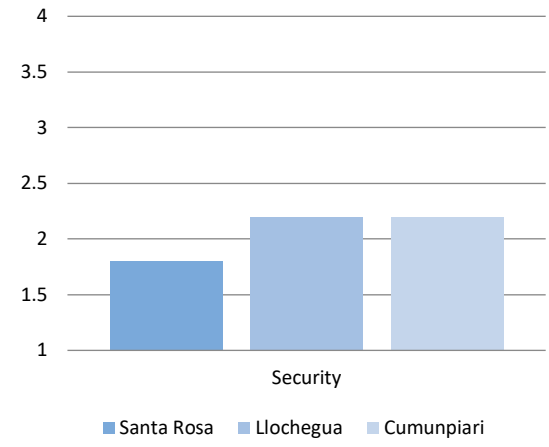
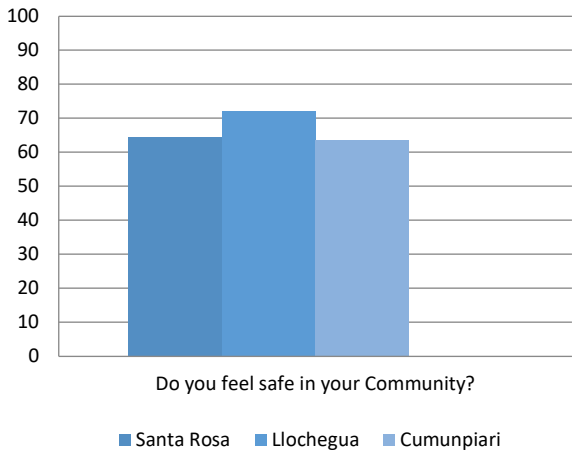


Figure 20 Perception of Personal Safety



N=65

Figure 19 shows the overall security perception in the communities. While 4 indicates an excellent security situation, 1 means the perception of a bad security situation. In the sample, people perceive the security as average, neither good nor bad. All three areas are located in the VRAEM and are defined as major drug production spots (DEVIDA 2015, Vrapol). In Santa Rosa as well as in Llochegua, the majority indicated that they felt personally safe in their communities (Figure 20). The average security perception on the other hand was on a medium level. Generally, security is related to petty crime such as robbery and bar fights and assaults that typically happen on the connecting roads between different villages. It is also often related to the police and their inability to provide for security. The other relation is drawn to drug trafficking and people from outside.

> *"There is too much insecurity on the streets, the government must invest in security. In the VRAE there is a very important peculiarity, when one is not in the [drug] business, it only puts a little bench and nothing happens, that is to say there is honesty here in that sense you do not need a lock. But as the town grows, cameras are already used, you know that people come from other places and the town is growing and there are also thieves "(Vraperiom)*

This quote is emblematic not only for the VRAEM, but represents a national discourse that is dominated by the perception of insecurity, even though levels of actual victimization are relatively low (Mujíca et al. 2016; Latinobarometro 2015). Understanding that insecurity is a concept much broader than the mere presence or absence of crime, and that it is also determined by the perception of institutions and social factors (Dammert 2011; Dammert and Lunnecke 2002), the VRAEM could serve as an example in which the actual experience of insecurity is different to the perceived levels of security.

The relationship towards coca and the illicit economy might be another factor that comes into play. When relating the interview data on security perception to the perception of the coca economy, we

find 28 persons in Santa Rosa, Llochegua that have talked about both aspects in the same interview. We find a correlation between those having a positive view on coca and those who identify positive personal security situations. On the other hand, there is a correlation between those who regard coca as a negative factor and those who perceive insecurity. However, in direct conversations, no incident of insecurity was mentioned that can be directly related to the drug trade. Even if the numbers to low to give a statistical significance, it can give an indication for our interpretation: It seems that there is a tendency that those who want to "sell" their positive view on coca tend to highlight the positive aspects of security and *vice versa. In other words*, people with a negative view on the coca economy tend to be more inclined to describe situations of insecurity.

Another aspect for the perception of insecurity can be related to low levels of trust in state security institutions. In all areas, the police presence is mentioned frequently as the main reason for low results in security perception. These state institutions not only fail to prevent and punish crime, but they are also believed to curb the possibilities for castigation. Additionally, the perception on corruption and extortion can serve as an explanation for why this is the case. This relationship and perception to security actors will be evaluated in the following.

7.5.2 Security actors

The security sector in the VRAEM is a complex structure which involves different state and non-state actors. The analysis includes the security actors, their relationship towards society, their role in the illicit economy, and their relationship with the population.

As in other parts of the country, particularly in Ayacucho, the violent history of the conflict is still omnipresent. The brutal fight between the guerrilla, the CADs and the military and the resulting grief of the local population is engraved in collective memory. These historical conditions have an effect on the perception (and acceptance) of security actors in the VRAEM today. here are four actors to be considered in the analysis: The autodefensas (CADs), the remnants of the guerrilla group Sendero Luminoso known as *Clan Quispe Palomino*, the police and finally the military.[211]

Self-Defence Groups in VRAEM

In the towns and smaller villages (centros poblados) in the VRAEM, the Comités de Autodefenas (CAD) are still omnipresent.[212] Their historical importance is essential for the understanding of their present

[211] Serenazgo is another security actor in the VRAEM but will not be included into the analysis since they do have a role in the urban contexts but not for the overall security in the VRAEM.

[212] For a detailed analysis on self-defense groups in Peru see Del Pino 1996: 118; Fumerton 2002, 2004; Gorriti 1999; del Pino 1996 order under the DECAS Fumerton 2002: 142

role. Formed as self-defense forces first under the name of Defensa Civil Antisubversiva (DECAS), their importance and influence grew fast and lasted long.[213] The involvement of the region in the conflict began around 1983, the same year the self-defense force was formed. Initially, the autodefensas acted as providers of security and defense against the guerrilla. Soon, they also provided security within the communities. Untill today, these self-defense groups are a source for order and security. As I have discussed earlier, their high legitimacy among the population stems from their historical role in times of political violence: *"Also, the army and navy were support, but they did not fight like the autodefensas, they knew their zone and they were more effective therefore*." (Srojuezm). The autodefensas provided to a large extent also control within the communities often by using drastic punishments including corporal castigation or even death penalties. Income was provided by the coca economy and allowed the CADs to finance their fight against the guerrilla. Even if the finances of the Autodefensas were based to a great extent on the illicit economy, most ex-commanders did not profit financially from the drug trade. On the contrary, most still live in modest conditions or died in despair. Today, members of the CADs are often coca farmers at the same time or related to somebody who relies on the coca economy.

The CADs are an important part of the society and its members are elected from society. When asked for the most important actors in the community, the CADs were among the most frequent answers, alongside the Juez de Paz and the mayor. In part this is related to their role in the conflict, which led to a heroic memory of the self-defence group. Additionally, as I discussed above, the conflict led to the formation of villages and coincided often with the creation of self-defence groups (Zamora 2017). This historical and present role, feeds into the respect and legitimizing of the CADs.

They themselves did not show an active attempt to gain more control of the drug trafficking economy or the competition for territory for sole economic gains, except few examples. On the contrary, the autodefensas are still trusted precisely because their prime aim was to provide security and stability during the time of conflict. A former leader of the Llochegua CADs, gave precise information on the weapons bought with the money but was very cautious to say that the CADs formed part of an alliance: "we sold to the person who wanted to buy the rest we were not interested in" (Llauex) The same argument was mentioned in other interviews as well. That is an important difference from the other drug production hot spot in Peru, the Alto Huallaga Valley (AHV). While in the AHV the alliance was between Senderos and drug traffickers, in the VRAEM the connection until recently was between the

[213] I will refer to them as autodefensas, self-defence forces or CADs.

CADs and drug traffickers (see also Zech 2015).[214] They officially cooperate with the military to achieve that stability and not for political or private economic gains from drug trafficking as seen for example in Colombia (Romero 2003; Chernick 2008).

While this actor is by law more closely related to the military it provides also "police-like" services. Most of the security tasks within the community are taken up by the autodefensas. Notwithstanding their importance for the pacification of the region, today their influence is shrinking. One person even told me "*the autodefensas are deactivated*" (Strpopm3). But even if their influence is not the same as it was before, the autodefensas are still seen as the predominant providers of security, even if they are cooperating with the local police forces.

"**Narcoguerrilla**"

After the capture of Abimael Guzmán in 1992 Sendero Luminoso was substantially weakened and in 1993 the guerrilla split into two groups, the "Acuerdistas" and the "Proseguir o Sendero Rojo". The latter neglected the peace agreement by Guzmán and continued the fight led by Óscar Ramírez Durand alias Camarada Feliciano. They pulled back deeper in the jungle regions of the VREAM. However, by the end of the decade Sendero Luminoso in the VRAEM was very weak and in 1999 the leader of the Ayacucho fraction, Feliciano, was captured. The Quispe Palomino brothers took his place which is seen as the beginning of a new form of Sendero Luminoso – Victor Quispe Palomino as the self-defined successor of Abimael Guzmán. (Díaz 2015: 134). This new form of the guerrilla group got more involved into drug trafficking and some analysts claim that drug trafficking would be their only goal calling them "narcosenderistas" or "narcoterroristas".[215]

Today, Sendero Luminoso in the VRAEM is basically an armed shield for diverse drug trafficker in the region. A main drug trafficking route goes through a territory controlled by the Quispe Palomino, Vizcatán. Additionally, the group taxes traffickers of natural resources or illegal logging. They still keep an ideological façade; however, several intelligence sources doubt that this is just a pretext to lure peasants into their forces and get their support (Díaz 2015: 138). Strategically the group tries to win the support by the population by aiding for harvesting coca for example (interview police and local population). Notwithstanding from the discussion on ideology, remnants of Sendero Luminoso in the VRAEM might be small in numbers today (estimated 150 – 200 fighters), but they still have the capacity

[214] The case of Huayhuaco gave some insights on early development of the symbiosis from CADs and drug trafficking (Gorriti 2009). During interviews with present and former commanders of the CADs, business with narcotraficantes was never denied.

[215] Already in 2005 their relationship towards the illicit drug trade became visible with an attack on the police in Palmapampa by which five police men lost their lives. The attack happened just one month after the installation of an anti-drug base in Palmapampa in November that year. Another connection of that attack with the drug trade was that Pablo Curo Gamarra, a renowned trafficker, was in that convoy (Zapata et al 2008: 202).

for territorial control in the remote region of Vizcatán and can orchestrate isolated attacks outside of the region of Vizcatan. They target state actors and institutions, as exhibited only shortly before the first round of the presidential elections in 2016. In 2016 and 2017 several attacks on the police, for example in March in Cumunpiari close to Santa Rosa, are examples of their capacities.[216] Only in 2017 there have been six attacks on security forces by the remnants of Sendero Luminoso in the VRAEM (Caretas 2017b) These attacks are assumed to be a reaction on anti-drug operations that took place beforehand (Interview LAnt).

The Clan Quispe Palomino does not have major support in the districts analyzed, nor are they feared or fought. During three armed attacks on the police that happened in the valley during the time of research, the population stayed calm and seemed not to be worried. There are also hints of acceptance of these actions. For the attack in Cumunpiari, the attackers lay in wait in a coca field beside a road. Since it is the only road between the centers of Santa Rosa and Palmapampa, it is frequently used not only by the police but also by the local population. Moreover, they attacked from an agriculture field, which leads the police to the assumption that peasants must have known about the planned attack (Vrapold). Two weeks later, I visited the area close to the attack and there was no sign of fear, anger or support among the population. It rather seemed that they were indifferent to what just happened. One taxi driver told me: "*They [Sendero Luminoso] are fighting the police they are dangerous but not for us*. We do not want to get involved." (Vrataxm). It seems like a bizarre development: Today, the population do not show any fear but some analysts and police officials assume that the group received support from the population because they promised to protect drug production for the remnants of the group that terrorized the region in the 1980 (Vrapold).

State Security Actors

The state of emergency gives the military more authority, but the police have the closest relationship to the population.[217] The police follows a plan for fighting drug trafficking that is organized through the Procedural Manual (MAPRO) and the annual Antidrug Plan of the Dirección Antidrogas. In addition to this, decentralized police stations develop their own operational plans based on the National Anti-Drug Strategy, while there is only one Anti-Drug base in the VRAEM (Rojas 2016: 69). The police in the valley

[216] La Republica 2017a http://larepublica.pe/politica/857315-tres-policias-mueren-en-ataque-terrorista-en-el-vraem); La Republica 2017b http://larepublica.pe/sociedad/881394-dos-policias-mueren-tras-emboscada-terrorista-en-el-vraem; http://cdn.elcomercio.e3.pe/peru/vraem/sangrientas-emboscadas-narcoterroristas-ano-427665)

[217] Work of government entities in these areas can become dangerous especially for state security actors, who are seen as a primary target of Sendero Luminoso. Several reports of attacks or threatening of government officials may serve as an example for this. When asked if he would not fear severe consequences, an attorney who works on drug related cases replied: "Of course I am afraid, it´s messed up. That´s why I will change the fiscalia here in Ayacucho but not as an anti-drug fiscal anymore (Vrafim).

needs to fulfill the difficult task of fighting the local economy and be a provider of security for the population.

In Santa Rosa the police station is located in a street parallel to the main square. Upon knocking, a heavy iron gate opens a few centimeters. A young police man armed with a machine gun observes me critically. The entrance is only possible after presenting my ID and a paper that shows my affiliation to a research institute. Similarly, in Llochegua, the police are very cautious. The new police station resides outside the center from Llochegua and it takes around 10 minutes to get there by "*mototaxi*". It resembles a military fort rather than a police station. It is surrounded by high walls and guarded by heavily armed policemen on small watchtowers, who eagerly observe every step made by the people approaching the police station. In a way, the police station is symbolic to what people told me when talking about the police, that they are unapproachable and not interested in cooperation with the population.

On the drug economy, a leading police man in Llochegua says that he understands the necessity of getting involved in the illicit economy, but he also highlights how state security actors would diminish the illicit economy:

> *"(…) For example, before there was no military base, and people came to the village [of Llochegua] and sold their coca, they did whatever they wanted to do. But when the military came this vanished and since the police arrived you will not find anything. Only in the areas where remnants of Sendero Luminoso are, there is illicit production, or they rent their services to the drug trafficking for some money." (Llpolm1)*

The assessment of the illicit economy by the policeman seems to underestimate the extent of the illicit economy (as I elaborated above) and he seems to overestimate the influence of the police at the same time. But still, his statement gives an example on the self-perception of the police´s ability in the VRAEM to decrease drug trafficking.

The military arrived in the VRAEM in 1983 to fight Sendero Luminoso. Right from the start of their engagement in the valley, they coordinated (with) the autodefensas. Until today, their primary role is the fight against insurgents, the remnants of Sendero Luminoso. At the same time, they are supporting the fight against drug trafficking in cooperation with the police. Because of the particular situation in the VRAEM, police and military are connected in the *Comando Especial VRAEM* (CE-VRAEM) to coordinate operations based on the Law 2991. Still, the presence of the Clan Quispe Palomino is also a reason for the high militarization of the VRAEM. While under the Toledo administration, confrontations and counterinsurgency operations were sporadic, it changed with the government of Alan Garcia. In August 2008, the operation *Excelencia 777* began and government forces were able to push the group out of Vizcatán and Bidón. Even if the initial operations showed military success,

government forces suffered severe setbacks and even lost a helicopter in September 2009. Later they had to withdraw and Sendero Luminoso regained control on Vizcatán and Bidón (IDL-R 2015). Since 2012, military operations follow a different strategy that relies more on cooperating with police and police intelligence. But they could not ultimately defeat Sendero Luminoso.[218]

The main focus on fighting the Clan Quispe Palomino includes less interference from the local population. But besides coercive power, the military is also perceived rather positively. This is related to the fight against the Sendero Luminoso guerrilla and their cooperation with the CADs. Similarly, in the military, there are several reports of members of the military involved in drug trafficking (eg. El Comercio 2015; Lexp1), which is recognized by the local population:

> *"Now that there are some helicopters that are used for the transfer of drugs, because not all the police are correct, not all of the soldiers are correct and here there are many bases (…)" (Llauexp2)*

7.5.3 Trust in Security Actors

Diagram 21 presents a comparison of security institutions in the VRAEM. The autodefensas enjoy higher trust than the police or military. The higher the number, the higher the trust in the particular institution. Particularly in the VRAEM region, non-state actors are seen as the main providers of security. This perception is closely related to the experience in the internal conflict as autodefensas in the VRAEM and their role in pushing Sendero Luminoso back (Degregori 1996; CVR 2003; Zech 2014). Not only did they fight against the guerrilla, they also controlled the district centers and society rules during and after the conflict. These rules are still very important for society. The autodefensas are still perceived as an essential factor for local order and enjoy high levels of trust. Besides their present and historical role, a defining factor of their importance are statements like:

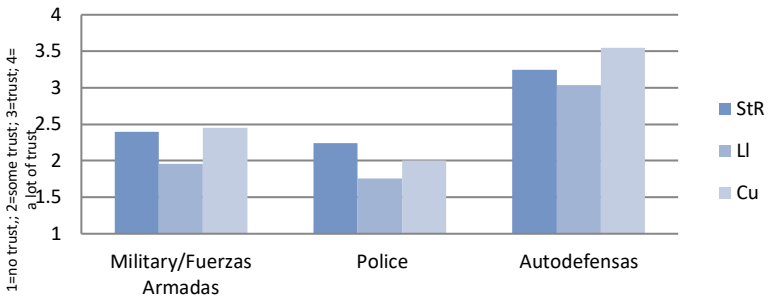
> *"Who plays a very important role is the self-defense committee to give security to the entire population, there is a central self-defense committee and the fencing of the town of Llochegua, they are there 24 hours a day, when there are problems they leave, when there are assaults they leave, they handle weapons allowed by the state, simple but they are more effective than the policemen." (Lljuezm)*

Nevertheless, the influence of autodefensas in the sector of security provision is decreasing, because of the presence of state security forces, especially the police. This affects the role the CADs can play in providing security and thus they cannot use force as before. Their activities are restricted since they now have to cooperate with the police and acts of corporal punishments are officially forbidden. But

[218] In November 2017, the congress decided the military should take a more active role in the interdiction of drug trafficking in the VRAEM (Peru21 2017b).

they still enjoy the highest levels of trust among security actors, reflecting their close connection to the population.

Figure 21 Trust in Security Institutions (Santa Rosa, Llochegua, Cumunpiari)



N=65

In the case of the military, perceptions are mixed. While the military mentioned their role in providing assistance to the population in terms of provision of health or construction of roads, this assistance is not perceived as such. While people acknowledge their role in the fight against the guerrilla during the conflict in the late 1980s and 1990s, they still feel that the military's role in committing atrocities during the fight against Sendero Luminoso was ambiguous and is seen in connection to the drug trade.

In the survey, the police have the lowest level of trust, which is supported by most interview partners. There are two expressions frequently used to describe the police. One is that they are seen as corrupt or unreliable, and the second claims that the police would only leave their base if they are hopeful of finding drugs. A major difference between the autodefensas and the police is that the former do not interfere with the local illicit economy, while the police target precisely that. In the perception of the local community, this becomes a problem since most people see the police primarily as an anti-drug unit. That is related to the negative perception and also because of the feeling that people would suffer if anti-coca and anti-drug campaigns took off.

> *"Well we have a police station, we can say that it is not meeting expectations. Sometimes they come but they are more inside their establishment, rarely go out. In some meetings the community has told you very clearly that the police are not very useful here because they do not comply as should be (...)"(Lljuezm)*

> *"Look, I'm going to be honest, people here hate the police because they do not intervene when there are problems of robbery, but they intervene in drug trafficking issues and people live on that." (Llpopm2)*

There is even the perception that the presence of state security actors serves criminals rather than the security provision. Police presence was related to the increasing incapacity to punish wrongdoings.

"We do not have confidence in the police. Since I entered as president [of the CADs], I have already arrested two with a gun, with a pistol, and I hand them over to the police with their documents, four days later they are already free in the streets."(Sroaupm)

During a conversation on crime and reaction on crime, a taxi driver gave another emblematic answer:

"We do not trust the police. For example, if there is a robbery. You report allegations to the police. They ask everything, but if there is no witness they try to talk and from there they let them go. Nothing happens. There is no justice. (...) that's why sometimes it's better if you're among friends and you catch the rat [the delinquent], and you hit him very hard." (Llpopulcarro).

Some specified: "the police do not leave" (Ll20). "*They are in their base they do not leave. They don´t have dignity, they are corrupt* (StR9). During my research in Llochegua and Santa Rosa, I did not see police patrolling on the street and heard constant complaints about police inaction. Hence, the population sees the police critical and as a threat to the local (illicit) economy. They are mostly seen in relation to corruption or that they only leave their base if they are getting a hint of finding drugs.

"Now all that is corruption, as I said you can denounce but the police release him for money and in the end, they send their hit men to kill me." (Llexalm)

There are different police entities in the VRAEM but all follow the premise of fighting drug trafficking. The role of the police is ambiguous. While their primary role is to fight drug trafficking and several reports suggests that parts of the police are involved in the illicit economy, which includes a passive involvement, by not controlling or receiving corruption money (Rojas 2016). This claim is supported by other inhabitants and a public prosecutor.

"A member of my staff [shop], a boy of school age, so I had a facility to get a scholarship from the regional government and gave scholarships to the police, this boy entered the police as a subordinate and they are receiving orders, then two people dressed as policemen, with police pants and other shirts and said they were carrying food and went to the pilot, but it was known that they were moving other things "- Drugs? "Yes Drugs" (Llauexp2)

An anti-drug prosecutor for the valley describes: "There is a case, especially of young officers who rented their arms to backpackers. In the issue related to the police being involved in illicit drug trafficking is that I tell you that the police lent their armament to backpackers to transfer drugs that is the case here in Ayacucho, but at the national level there are coronels, commanders who are involved "- In the VRAEM I have been told that the police are the best drug trafficker" Sure, for example in the police they are paid quotas, that is the sad truth, I've seen ugly cases of known people involved, see them at trial and then arrested"(Vrafim)

Antonio Cardenas, a well-respected figure from the CADs implies this when he talks about how the police is dissatisfied with efforts of the CADs to fight drug trafficking:

"What happened is that an order came from the Peruvian state the police are going to control. They never told us to help, and if we help them with information, they tell the drug traffickers that we have been, then they fail us, they sell us. Then how do you think we will support if the police sell you for 500, or 1000 soles. "(Cardenas Sroaulm)

Based on the analysis, trust in security actors seems to be defined by four aspects 1) the (perceived) relationship towards the coca and drug economy, 2) the ability to provide safety 3) honesty and 4) the relationship towards society, which is related to the historic evolution of the security actors within the region.

7.5.4 Provision of Security

The provision of security is determined by the CADs and the police. The CADs are still an essential actor for the provision of security. During the conflict, it became necessary to coordinate among the population with regard to security because of the aggrupation of the population and the need for organization. The CADs took over this task. The Juez de Paz of Llochegua reckons that the CADs are still key factor for security provision:

> *"The self-defense committee is basically the shield of the population, it has a history well-known nationally and internationally, it has been the one that has achieved pacification, isn´t it like this? In these very dangerous zones, the self-defense committee was always in front of the armed forces, they always went. Today no longer against terrorism but self-defense and the fight against common crime, which prevails in this area, that is good and helpful and the self-defense committee will always be valued for that"(Lledujoum)*

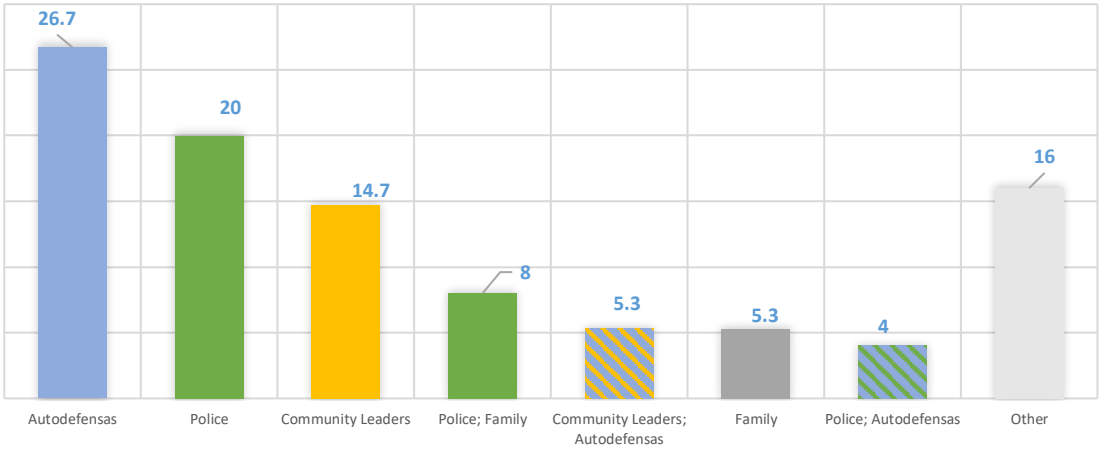
When asked "Who would you turn to when you experience violence?" the majority indicated in the survey that they seek the help of CADs (27%) while 5,3% go to the CADs *and* community leaders. But also, many would turn to the police when experiencing a form of violence (Figure 22). Survey samples indicate that 20% go to the police and 8% go to the police *and* family when experiencing violence. Interestingly, only 4% mentioned that they would go to the police and the CADs, so we can assume that it is mostly an *either-or-decision* between these two actors.

Hence, this sample indicates that two institutions dominate the security sector in the valley, the police and the CADs. For the CADs the relatively high numbers can also be supported by the high levels of trust to this actor. But this is different to the police. As described above that the police is associated with low levels of accountability and misbehavior and the levels of trust are the lowest in the sample.[219] It is not entirely clear why people even turn to the police when most do not trust them and find that they are not helpful in cases of emergency. It seems that there are two possibilities for this "inconsistency". It might be a sign of social desirability in the answers for the survey. But against this first assumption stand the high numbers of negative answers concerning trust in the police. We can assume that if Social desirability is driving than the answers that the numbers in trust for the police

[219] A high-ranking anti-drug police official reckons: "Yes, there was a change with the arrival of the new boss has been inspected. Before here it was no man's land, one came and fulfilled his work to fulfill, was dedicated to take and create problem in the population, but that from 2014 has changed, so far for example there has been no case of drunkenness within the population.
" (Palmpoldim)

would be also higher, which they are not. Therefore, a second reading seems to be more likely. We see that a high number of respondents would go to local institutions such as autodefensas (27%), community leaders (15%) or both (5,3%). What became clear during the interviews was that community leaders are working mainly with the CADs and functioning more as a sort of *broker* for security provision. On the other hand, stands the state security structure of the police. Following from this we can assume: 1. We have a hybrid security structure with traditional and non-traditional security actors and no unambiguous solution in case of violence 2. The autodefensas lost influence - because of the presence of the police they are not as effective as before the arrival of state security actors; 3. People are turning either to the CADs or the police, but seldomly to both.

Figure 22: Who do you turn to when experiencing violence? in %



[220]

N = 65

During a talk, a leading policeman in Llochegua mentioned violence within families as the most important challenge in the region and also summarizes the difficulty of giving exact numbers on crime rates in the region:

> "*There are weeks in which we have 10 to 15 cases of domestic violence (…) of the center of Llochegua which have the majority of the population, because I believe if we would go around and patrol for every little village I am sure that the index of domestic violence would be a lot higher."* (Llpolm1)

For solving cases of domestic violence, the police work together with the municipality here and another in Sivia, where lawyers are able to get involved. In other cases, they would intervene directly. This includes robbery, assaults, and violence. Only a few people are incarcerated in Llochegua because of lack of facilities. Mostly, they are transported to San Francisco during daytime. The police commander adds: "*our capacities are restricted and we cannot pay attention to all of the cases."*

[220] For the complete list see Annex

(Llpocm1). Following his remarks, by the time of research there are only 13 policemen in the base, which would not be enough to react on all crimes reported. Therefore, he acknowledges the presence of the autodefensas as an important aspect that could get active where the capacities of the police are not enough.

However, in practice the cooperation of state and non-state actors does not work entirely. Most of the patrolling and control of the bar area is in fact is being realized by the CADs. However, they see themselves subordinated under state security organs. What can be handled by the CADs themselves and what not was defined by the president of the autodefensas: "*Once there are severe incidents we hand it over to the police all other cases we handle ourselves. We are working closely with the police*" (Llcadp). An example for a severe incident would be murder as the president of the CADs in Llochegua mentions. Moreover, police commanders in Santa Rosa and Llochegua affirms to working together with the CADS in severe cases. But several interview partners indicate that the police do not leave their bases and would not be reachable. There is a predominant perception of low integration of police in the area even though their presence is growing.

In Santa Rosa I was told by the police that from 2014 on, the police had joint patrols with the autodefensas on a regular basis. During an interview, the police comander acknowledges the help of the autodefensas because of their capacity for patrolling and also because of restrictions for the police to control the whole area. Police officials mention lack of manpower and structural problems. For example, at the time of research, there was only one vehicle in Santa Rosa to control the whole district (373 sqkm) and only one police station. In an area where infrastructure is weak and some smaller centros poblados, which are basically villages, are difficult to access, these restricted capacities of the police weakens territorial control. In these areas, people depend on the work by the CADs. For example, the police is not working with the CADs on cases that involve drug trafficking: "*We [the police] work together with the CADs but not in cases that involve coca or drug trafficking, because the CADs might be involved or they do not want to act against their own people"* (Sivpolco), says a police officer in the VRAEM. It even happened that CADs blocked the road so that no police vehicle could pass, allegedly at times when PBC is sold.[221]

[221] A major change in the tactics has occurred in August 2017. A new Juez de Paz was elected and also a new President of the CAD. These new authorities have been looking for closer cooperation with the police. This includes frequent reunions and closer cooperation in decision making. While there was no time to include these changes into the analysis, I have been able to contact the new President of the CAD. His plan was to regain strength for the CAD in cooperation with the police (Straupm2). How these changes are reflected in the local structure cannot be included in this study because of time restraints.

A similar approach of cooperation is officially applied in Llochegua as well. But an incident in Llochegua during fieldwork provides another example on this "imperfect" cooperation. On the *dia de la madre* (mothers day), CADs and *Serenazgo*[222] were patrolling in Llochegua. The central market place and the city centre was full of people. The atmosphere was loud and amicable. The CADs were mainly visible and armed with pump guns. They were walking slowly in the heat of the day, in the middle of the crowd, talking to people or watching the women's soccer tournament which takes place during the day. No policemen are seen at this moment "*But we are in contact with them if something happens*", says the president of the CADs. At night, a party with live music plays out besides the center of Llochegua. A regionally known band is invited (the next day the nationally known band *Papillon* was to play). Ten members of the CADs and the president of the "urban" CADs are responsible for security. The ten members are in part, very young 17 or 18 years olds. The president sits in front of the CADs office located right next to the main plaza. In one hand, he holds a cell phone and a rifle in the other hand. During the evening around 9:30pm, while the band is playing, the president gets a phone call. A woman on the other side of the line reports a fight in one of the bars in the area nearby. She describes that men are getting aggressive and that they have broken chairs and glasses. While the CADs president listens calmly, she asks him to send some of the autodefensas in order to ease the situation. The president apologizes and explains that he does not have enough men to guard the concert and to send to the bar area at the same time. He suggests that she should take names and go to the Juez de Paz the next day to report what happened. He apologizes again before he hangs up. After a minute, I ask him why he does not call Serenazgo or the police. He answers, "*Serenazgo does not have the capacity". "And the police?" I asked*. After a second, he nods, picks up the phone and calls the commander of the local police station. Nobody picks up. He dials again. After three attempts, he gives up. Does this happen frequently? I want to know. – "They are not always available" the president answers, adding that he was sure that they will be on patrol anyway. Only half an hour earlier he had told me that the police does not usually go into the bar areas. Even though cooperation is highlighted by various actors, in reality this cooperation proves to be difficult to implement.

[222] Serenazgos is an urban security provider created in the 1980s when the fight agains Sendero Luminos bound many resources and created the necessity for alternative security services. In the VRAEM they are paid by the state and unarmed in contrast to the CADs.

Table 19 Security Actors in Santa Rosa and Llochegua

Security actor	Function	Collaboration with state institutions	Relationship to illicit economy	Trust by population
CADs	Securing local order, patrolling, defence force against Sendero Luminoso	Yes, partly	**Financial basis** during war **Supportive** or **neutral** today	High
Police	Maintaining local order, leading fight against drug trafficking, providing and securing state monopoly of violence	Yes	**Fighting against** illicit economy	Low
Military	Fight against Quispe Palomino, building and securing state monopoly of violence	Yes	Supporting the **fight against** illicit economy	Medium Little contact
Quispe Palomino	Revolutionary Force/ Drug trafficker	No, confrontation	**Drug trafficking is financial basis**. Support for drug trafficker	Low
Serenazgo (Less influential)	Supporting the provision of security in urban centres	Yes	**Neutral**	Medium

7.5.5 Corruption and Drug Trafficking

A crucial factor besides the interference in drug trafficking, that affects the perception on state security actors is corruption, in particular by the police. After poverty, corruption is the second most important concern for the people of the valley (Leyva and Mendoza 2017). We can roughly distinguish two types of police corruption in the VRAEM: Small scale and large-scale corruption.

The first one involves the payment of small amounts of money. When travelling into the valley on the only land road from Ayacucho drivers are paying between two to four Soles at every police control. There are four control points when entering the valley. I asked drivers on their opinion to this practice and one emblematic answer was: "*They shouldn´t do it but we accept it. We are paying to keep a good relationship. If not, they [the police] make your life more difficult*." (Vrataxm). Usually cars are not searched thoroughly once a "*coima*" is paid (a small bribe). It shows a well-trained routine. With no questions asked, the money is usually passed through, along with papers of the car, even if there is no obvious reason for doing it. These *coimas* are barely hidden, openly visible and accepted by everybody. I witnessed this procedure three out of four times when driving into the valley and back. The only time when the driver did not pay a "coima" he had to step out of the car, explain why one of his front light did not work properly – which it did. The conversation with the police officer lasts four minutes when a higher-ranking official entered the scene and resolved the discussion. When the driver entered the vehicle again he reckoned that all of this happened "*because he [the police officer] did not receive his*

tip [su propina]" (Vrataxm2). Asked why he did not pay he replied "no tengo monedas" (I do not have any coins) pointing on the ashtray where taxi drivers in the VRAEM usually keep their coins for change.

Another type of police corruption is directly connected to the drug trade. Traffickers pay larger sums for securing their shipments, getting information, or avoiding prison sentences. In an interview, one trafficker told me that he paid 10,000 Soles (around 3,000 USD) to avoid a 10-year prison sentence. (Lltrafm). During a talk, a young ex-trafficker told me that controls by the police could be prevented by paying 200 Soles (around 61 USD) (Srdrugex). It should be highlighted that participation in these activities are personal decisions by police officers and during the study no evidence was found to support the claim as institutional involvement of ties are personal decisions by police officers and during the study no to the contrary by the population and even by state agents. Within the illicit chain of drug production and trafficking, there are several risk factors for corruption, including the evasion of control, falsification of papers for licit production of coca, and the evasion of seizing chemicals used for drug production. On the other hand, as Rojas tells us, the institutional control mechanisms are poorly implemented (Rojas 2016).[223] Hence, there is a high possibility that there are more corruption cases than those that became known: including the interception of drugs and reporting less than the intercepted amount while selling or the "renting of arms" to drug traffickers.

> A leader of the self-defence force of Pichiwilka mentions: *"For example, many of the police are joining with the snitches (informants) to share the profits. The police find 200 kilos of drugs and distribute it, for the police 100 and for the informants 100. Then how can we´re going to talk about a real fight against the drug trafficker. So here in the VRAE the police are seen as delinquents, there is no respect for them." (Interview Cardenas Sroaulm).*

A high-ranking police official explains that there would be no interest in solving corruption cases even if there was proof for the same:

> *"There is evidence but those are sensitive cases, at least we have issued reports of the irregularities that we have found to our commands, to pass them to the prosecution and the fiscalía who are responsible for such cases. But in 2014, 2015 of these alleged irregularities there is no action. So, from the part of the police and fiscal authorities there is no interest to resolve the cases.*
> ***Are the police not interested in resolving these cases of corruption?*** *Well the boss verifies those cases and controls them and informed the command. There have also been some irregularities in the prosecutor's offices, but apparently everything remains the same." (Palmpoldim)*

On police corruption I received several remarks from the population: One answer of a mechanic from Llochegua is emblematic in this regard:

> *"Look here that there are two types of people in the VRAE who live directly from drug trafficking and who live indirectly from drug trafficking. There is nothing like "I work for the state or in the private sector", that is the reality there is. For example, to say I am a drug trafficker and they*

[223] On the internal mechanisms and effectivity of evading and fighting corruption within the police see Rojas 2016.

take me extort me for a while, scared me, charge me and then release me. And so, they do to several people. They know whom to catch. They have not come to put order, they have come to steal. That is known throughout the VRAE that with that the police create disorder, people know that. "(Llopopm)

"The majority is located in the coca plantation and sells it to anyone who buys it. Obviously, they are drug traffickers. The police sometimes take advantage of that and pay it off with their coca. And also they say this is corruption. These are corruption payments."(Llgobm)

The second form of corruption can be detected for the military as well, that includes accusations of paying for their posts in the VRAEM because of possibilities to earn money *(*interview Lexp1*).* Several cases of military officials involved in drug trafficking in the VRAEM suggest that this might be a bigger problem (e.g. La Republica 2016a, b). This includes direct support to a trafficking operation, and even using military helicopters for drug trafficking (Caretas 2016; La Republica 2015; El Comercio 2016).

7.5.6 Conclusion Security

In this chapter I have analyzed the security perception, the security structure and the influence of the illicit economy. The analysis has shown an ambiguous situation in many ways. We do not see a clear domination of state or non-state actors, or an unequivocal perception of the security situation. However, I presented evidence for an influence of the illicit – directly and indirectly. Furthermore, the chapter has shown that the state intervention had an influence on the former security structure, which changed mainly due to the decreasing scope for action for the CADs.

The security perception in the VRAEM shows that the opinion of personal security is on a medium level. Often people refer the bar areas and alcoholism as reasons for violence. Paradoxically, a second theme when people talk about violent or insecure situations is mostly in relation to the police, their inability of preventing wrong doing and the curbing of possibilities for the CADs. Hence, the security perception is closely related to the role of the police and autodefensa, while there is no force can effectively challenge the state. Even if reports are dominated by the remnants of the guerrilla force, the "Clan Quispe Palomino", their operational reach is limited and they are not able to effectively weaken the state security structure in the region – in particular not, in the focus regions of this study.[224]

The police, as the most visible part of state presence, are restricted in their work by their role towards the illicit economy. Their role of mainly fighting the illicit economy does not leave enough resources for going after petty crime. The fight against the illicit economy seems to predefine their role within the society as an "outsider" that interferes with the local economic structure. Trust towards this actor

[224] Following the definition by Guistozzi we can hold that the state is able to maintain „monopoly of large scale violence" (Guistozzi 2011: 7-10).

is not only low because they seem to be little responsive to the criminal behavior such as robbery or sexual assaults, but also because of their role in fighting drug trafficking. Instead of being perceived as a provider of security, people associate the police presence with corruption, misuse of power, and distrust. Corruption seems to be widespread in the VRAEM and instead of paying for services, people pay for avoidance of penalties like incarceration because of drug offenses or demanding a fine etc. Corruption has severe consequences for the perception and social acceptance of state officials and it not only influences the trust in these actors but also in institutions. This further undermines the role of the police. State security structures are not entirely accepted by the population because of their coercive measures and arbitrariness. Additionally, the lack of shared beliefs in the application of rules also lowers the legitimacy of the police (see also Tyler 2004).

The CADs are the de facto providers of security in Llochegua and Santa Rosa, since the police only seldom patrol the area. That must not lead necessarily to a conflict in the relationship towards the state and state security actors, since the autodefensas are a formalized force that is already working in coordination with state security actors. In this sense, actions by the CADs in the VRAEM might be seen as a delegation of coercive power by the state which first helped in fighting insurgents and now is an auxiliary force to provide order; an arrangement that can also be observed in other contexts and might also strengthen the reach of the state (Jentzsch et al. 2015). However, the cooperation between state security forces, especially between the police and the autodefensas is deficient in terms of coordination and trust. In part, this is because of the relationship of the CADs to coca and to the illicit economy. In their historic evolution and current role, the CADs have a strong relationship with society. In fact, they can be seen as an active part of society composed by the very inhabitants of the region. While, the autodefensas still have an important role, the increasing presence of state security actors initially led to shock waves in the local security structure and curbed the "operational" activities of the CADs. Evidence suggests that this has contributed to a perception of general insecurity and a perception of increasing petty crime.[225]

Coca and the coca economy have an indirect influence on security provision. The CADs are supportive of the coca economy and, at least implicitly, of the illicit economy. Some expressions by the autodefensas also suggest that they would support a potential fight against eradication, which is shared by the assessment of some state officials. Even if the relationship between the autodefensas and the police has improved in recent years (e.g. no more roadblocks against the police), it is still

[225] Similar changes can be observed in other post-war scenarios, in which increasing state presence led to an increase in insecurity, since they could not guarantee for safety (eg. Nussio and Howe 2014; Kurtenbach 2011).

fragile. A particular challenge is the historical and present relationship of the CADs with the local coca economy.

Finally, the analysis has shown that the security situation is closely related to the coca economy, the illicit economy and the rationale of different security actors in the region. Both define the relationship towards society. The rationale for state security actors was and still is the fight against insurgents; in the case of the military and police it's the fight against drug trafficking. While the role of the military is respected by most of the population, the police-society relationship is still dominated by skepticism. Corruption cases, unreliability and the focus on fighting drug trafficking makes it a problematic rather than a cooperative relationship. The police, as the state security actor closest to the population, might actually hinder a closer state-society relationship. The predominant task for state security actors is the fight against drug trafficking and the involvement in the fight against Sendero Luminoso. This does not only restrict their capacities for implementing other rules, but also results in the perception that they are primarily fighting against the local economy.

Table 20 Security VRAEM (focus Llochegua and Santa Rosa

Security structure	**Perception of security**	**Influence of illicit economy**
Hybrid: Cooperation of state and non-state actors State security actors and autodefensas as providers of security	Higher level of state security actors leads to the perception of more insecurity Low levels of trust in state actors High levels of trust for the CADs	Decisive factor for development of security structure (non-state) Rational for state-security actors: as defining reason for its presence and work Incidents of state actor's involvement in drug trade

7.6 Rule in a Coca Society

This section will display local rules and practices in the districts I analyzed. The history of the VRAEM in the last 40 years has been turbulent in light of the conflict, the growth of villages and settlements, the increasing dependency on coca, the drug economy and ultimately the noticeable approach of the state to install its influence in the valley. Implementation of state rule was for a long time non-existent. Today, based on the investigation in the valley, we can follow that rule is based on the relationship to coca and the state.

Albeit to their diversity, the history of conflict and coca cultivation connects most of the areas studied in the VRAEM. This is also reflected in the rules of the society. There are clearly defined rules which are not only connected to coca, but also to the conflict-ridden history.

> A member of the self-defence forces explains the rules: "*With not stealing, not being lazy we still get dirt out of people. Before we hit them with tres puntos - three points (whip) - to correct them and corrected the path they were taking. We apply the Andean law and the Ashaninka*

law. (...) In the case of robbery they would be taken to the park and hit with the tres puntos, that scourge, sounded three times. "(Sroaulm)

State rules are not the most important and instead the Juez de Paz of Santa Rosa explains how the communities are organized:

> *"There are other laws, internal regulations we call it, but this is working in the communities, here in the district capitals only little anymore. Here there are already national standards, in communities if they are implementing let's say domestic laws, communities outside the capital of the district are applying or drafting new internal laws for them only. If there are other people who have problems due to family violence or other factors, then they themselves apply that law. In other instances, they wrap them with nettles, these are internal laws, or they enter the "dungeon", they are punished physically, these are internal laws that they have. At the same time the self-defense is in force, is always present, even if they are no longer with the same power as before (…) but the laws are very flexible while in the communities they have had a rough formation, (…), they have internal laws in the communities "(Srojuezm)*

Before the arrival of the police, corporal punishment was common. While in the outskirts, there are still reports that corporal punishments are still practiced, in the urban capitals these alternatives are still remembered but not practiced anymore. Today this form of punishment is prohibited by the police and the presence of the police makes these forms of punishments unlikely in or nearby the district capitals. That leads to expressions like *"Human rights are a menace. They only serve the thieves and do no good"* (Llaup; Cuauj). The police presence changes the way of rule implementation. As an ex-president of the CADs mentions in Santa Rosa:

> *"The law has put limits on us. For example, if self-defense forces capture a delinquent, that delinquent can denounce you for kidnapping. Now the self-defense groups no longer have the power to do justice, they no longer have that right." (Sroauexp)*

The police have another perception on rules in the region and perceive their influence as more important. A police officer in Llochegua assumes that the rejection has to do with drug trafficking:

> *"Before [the arrival of the police] people stole, beat each other up, everybody made up its own rule, but now it is different, we leave on patrol in the district, we impose our presence and if there is a delinquent they go to the remote areas where we cannot intervene. However, people still reject us, we are rejected mainly because of their work [coca and drug trafficking]. But others already feel identified with the police, because they know that we are not here to annoy them but to have a better quality of life." (Llpolm)*

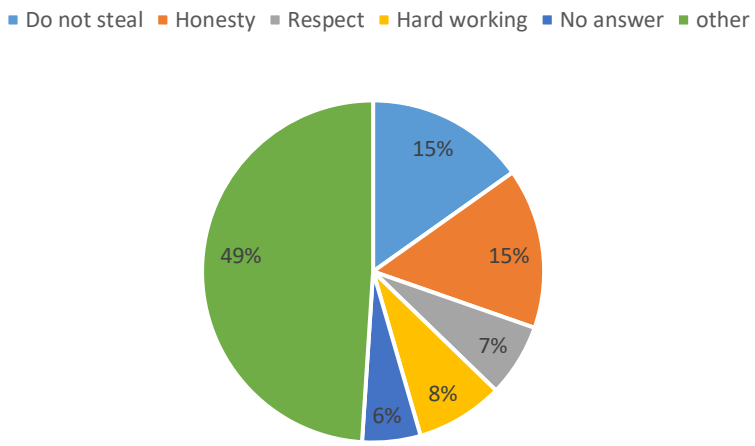
Differences in the perception of state actors and non-state actors are striking and can partly be explained by a lack of cooperation.

Even though the state presence influenced the way of rule implementation, the perception of the most important rules is still very much based on local traditional rules. When asked about the most important rules in society, people named 144 rules but many of them (49%) were just named once.[226]

[226] Please refer to the Annex for the complete list

The question was open where people were asked to formulate their answers freely. That nearly half of the rules named in the survey were just named once, signals how disperse the perception of rules in the region is. “Not stealing” and “being honest” were the most common answers, both were named in 15% of the answers. None was referring directly to state laws even though state rules are now officially implemented in the region. While not stealing is of course also part of state laws, during my interviews it became clear that people are referring to “not stealing” being implemented by traditional rules, similarly to “hard working”. These main traditional rules were: not stealing, not being lazy and not lying.[227] It needs to be highlighted that the survey was realized in the district capitals of Llochegua, Santa Rosa, Sivia, and in the nearby *centros poblado* Cumunpiari. In these areas, state rules are more likely to be implemented because of the proximity to state actors, even though acceptance of state rules is low (Figure 22). In the outskirts, the influence of the state implementation and acceptance are even lower, as the Juez de Paz of Santa Rosa explained, since state actors would only seldom reach these regions (Srojuezm). This low assimilation of state rules is also reflected in the interviews.

Figure 23 Most Important Rules in Society



Survey VRAEM (Santa Rosa; Llochegua; Cumunpiari) N= 65

The reference to rules and *practices* for the time before a growing state intervention can be interpreted as an incomplete assimilation of state rules. A statement from the Juez de Paz in Llochegua can be seen as an example of the general perception on state rule in the VRAEM. He perceives that state rules bring even more crime:

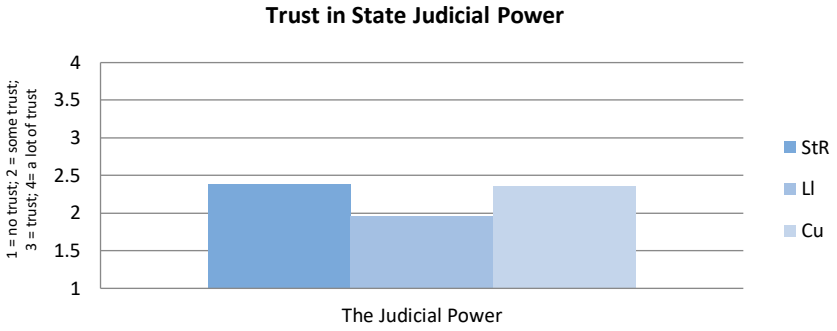
> *“Look, more presence of the state, more police, more militarization, prosecutors all that, but there is more crime today. Why is that? Because the law protects you. I cannot grab him [the “criminal”] firmly, or shout at him, then the law protects you, so criminals rely on their rights and quietly steal, now you as an authority have less attribution of correcting those people, but*

[227] These are based on Inka rules, as I was assured in the region

earlier as I tell you again the internal status was present every moment and according to that they corrected people." (Lljuezm)

While there have been harsh rules for stealing or violence, there was no rule against drug trafficking or drug production. On the contrary, as I have described before, drug trafficking and –production are an inseparable connected to the local economy and society. Until now, the fight against coca and drug trafficking is not in the interest of CADs or Juezes de Paz. The interest for the illicit economy is indeed a difference to state security actors and the population connects the police primarily to the fight against drug trafficking.

Figure 24 Trust in State Judicial Power VRAEM

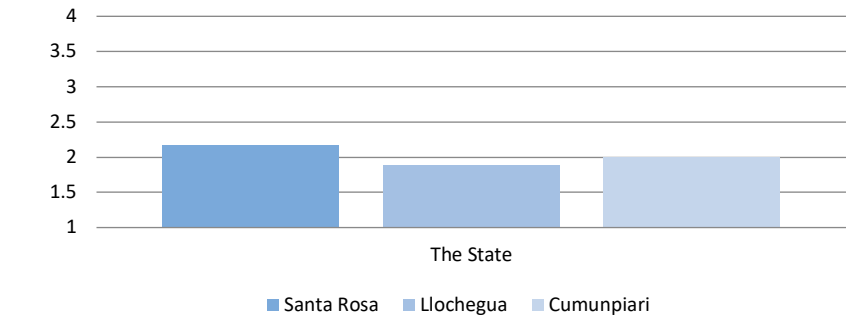


N = 65

I have defined trust as another indicator for rule and I asked in the questionnaire and during interviews for trust in institutions and persons. Trust in the judiciary, which is often associated with corruption, is not high: "*The one with money makes justice" (Cu17), "they only work when you give them money"*(Ll 20). At the same time, the historical development of the region plays an important role again. Many refer to the time before state intervention when people could be punished by the autodefensas, and regard the state's judicial power as defective. This is an interesting factor because, as I mentioned before, also the autodefensas committed human rights abuses during and after the conflict, but this was not mentioned in none of the interviews. Instead, the conception that the "judicial services" of the autodefensas have been more successful is prevailing statement. People mention several times that the states judiciary would not be trustworthy. In consequence, many people still go to the local Juez de Paz to solve disputes instead of going to the police or filing a legal complaint.[228]

[228] When I asked the juez de paz in Llochegua and Santa Rosa on the number of people who would come to them every day, they calculated it as 10 per day. Sometimes they go and visit people in their homes as well, if necesary.

Figure 25 Trust in State VRAEM



N = 65

The perception of the incapacity of state actors is also reflected in the levels of trust in the state and its institutions. When we refer to the questionnaire in all districts that I visited in the VRAEM, including Kimbiri, Pichari and Sivia, we get a similar picture on levels of trust and the lowest levels of trust for state institutions. Reaction to the state and state rule remains skeptical. "*Starting from the state [the situation] will never change. The state always steals"* (StR 11). At the same time, the state is recognized as the one entity that can and should bring about development. This ambivalence, in the rejection of state rule on the one hand and expectations of the state on the other, are important features of the VRAEM. Hence, expectations are related to the infrastructural development, the provision of economic alternatives, and non-destruction of coca. While this seems contradictory at first sight, it becomes clearer when analyze these expectations further. During various interviews and comments, I got the impression that the population regards the main interest of the state to be fight drug trafficking and Sendero Luminoso, instead of supporting the population in the region. Additionally, experiences with corruption and the long-time negligence of the state lowers trust even further. As long as the provision of alternatives remains difficult and as long as the state is not trusted, the agitation of that state is rather perceived as a threat to the economic outcome than an improvement.

Table 21 Perception of State and Non-State Rule VRAEM

	Form of rule	**Reach**	**Relationship to illicit economy**
Local rule	In dialogical relationship: defined by people Executed by people (self-defence forces, Juez de Paz)	Community level	Supportive
State rule	Top down relationship. No participation of population	Attempt: universal De facto: sporadic	Negative

The arrival of state security forces affected rule in the area, mainly because it restricted the traditional forms of rule and rule implementation. That includes the prohibition of corporal punishment. The "reach" of state forces is mainly restricted to areas close to district capitals. Especially here alternative rule is still practiced. The implementation of state rule and the acceptance of this rule is very low and the perception of local rules are still mainly based on traditional rules.

In this chapter I have also presented low levels of trust for the state or state actors. These low levels of trust are mainly related to the fight against drugs and the perception that state actors are not able or willing to provide for the population. We can further hold that the illicit economy had an impact for local rule before a greater state involvement and after the growing influence of state security forces this local rule was restructured. Before the arrival of the state the drug economy was a normal part of the communities and security actors did not interfere in the business nor did the illicit economy affect local rules. With a stronger presence of state security forces these aspects are changing. Today, one of the most important tasks of state actors includes the fight against and the change of drug trafficking. This focus negatively affects the perception of state actors

7.7 Power in the VRAEM

Based on the analysis, which has evaluated the historical development, economy, security, and territorial rule in the VRAEM, we can highlight several actors that are influential in the region. The concept of fields of power proves to be a powerful way of depicting of the power relations in the regions that I have studied. The concept allows me to include the various actors and, as I will show, their relation towards power sources and to each other. This sub-chapter will hence give an overview on the local field of power, the most powerful actors within this field, and analyze their basis of power. The analysis is mainly grounded on data from Llochegua and Santa Rosa, gathered during fieldwork.

The analysis has shown that the VRAEM has clearly defined borders that are not just territorial. These borders were formed as a result of migration flows and agricultural opportunities, but were ultimately defined by the state in order to describe the territorial boundaries for state intervention. Another striking border however is non-territorial: boundaries of influence can also be defined with regard to the coca economy. The state´s definition of illegality does not necessarily resonate with the historically evolved understanding of the population of what is legitimate. These factors are the basis of our analysis of power in the coca society.

There are two important types of powerful actors in the VRAEM: those who support the illicit coca economy and have a rather negative attitude towards the state, and those who are against the illicit economy and support the state (table 22). In the VRAEM, ultimately, all forms of power depend on their connection with the coca economy – either negatively by fighting it, or positively by supporting it.

Table 22 Powerful Actors in Santa Rosa and Llochegua

Actor	Role	Power Basis	Attitude towards coca	Attitude towards the state
Mayors	Local governing authority, (often the same person as the cocalero leader)	Social, Symbolic, Economic	Supportive	Acceptance
Autodefensas	In response to the Guerrilla**.** Self-defense group against the threat of the guerrilla. Provision of local securty	Social, Coercive	Supportive	Acceptance
Juez de paz	Local legal authority	Social, Symbolic	Supportive	Acceptance
Cocalero Leader	Influence on local politics. Often also mayor of the district. Violent punishment for non-conforming with rules	Social, Economic	Supportive	Negative
Local Firmas	Local drug trafficking organization economic pressure	Economic, Social, Coercive	Supportive	Negative
Foreign Cartels (until mid-1990s)	Mostly referred to as "Colombians" not residing in the area Selective use of violence in order to control their business	Symbolic, Economic, Coercive	Supportive	Negative
Guerrilla	Clan Quispe Palomino. Mainly involved in drug trafficking. Active mainly in one territory of the VRAEM (Vizcatán)[229]	Social, Symbolic, Coercive	Supportive	Negative
Police	Provide security, fight against drug trafficking	Coercive, Symbolic	Negative	Positive
Military	Leading the fight against drug trafficking and against Sendero Luminoso	Coercive, Political	Negative	Positive
DEVIDA; PROVRAEM	Leading state institutions for alternative development.	Economic, symbolic, political	Negative	Positive
Based on interviews and official documents				

The local authorities, who were interviewed, did not show a positive attitude towards alternative development programs or the state actors. On the contrary, they justified the persistence of the illicit economy often by pointing to the lack of viable alternatives. As the analysis has shown, in Santa Rosa

[229] In the focus areas for this study, their influence was rather sporadic. Their presence in these areas is also not constant. Instead there are reports of smaller entities (around 30 armed men), who are constantly on the move.

and Llochegua many inhabitants depend directly or indirectly on the illicit economy. But how does this illicit economy play out for the positions of the powerful in Santa Rosa and Llochegua?

Most actors have an ambiguous position towards coca and the illicit economy. On the question "Who is the most important actor in society?", the majority mention the mayor because he would be the one with the ability to guide development in the region and can also apply for funding to finance infrastructure projects. But at the same time the mayor in Santa Rosa and Llochegua is supporting the coca economy. When mentioning that the sheer number of produced coca suggests that most of it is used for PBC production, a mayor in Santa Rosa gives an emblematic answer: "*Look when you talk about illegal economy to date most of the farmers in the VRAEM are in the illegal economy, but there are those who live legally because they are taking their coca to ENACO, so there are people that there are people who carry ENACO legally sells but there are people who are not.*" (Sroalm). Authorities relativize the illicit economy. This argument is mentioned frequently when talking about the causal relation between the overproduction of coca and the drug trade. But the drug trade is easily visible and should make people aware of what their primary product is used for (see The Coca Economy).[230]

Furthermore, as I have shown before (chapter 7.3), the selling of coca to ENACO is also related to the illicit economy and mainly used, when the prices on the black market for coca are low. The toning down of the importance of the illicit economy is also often heard by the mayors. Hence, people acknowledge the mayor´s role in getting government funding for the region, while at the same time the mayors in Santa Rosa and in Llochegua are defending the coca economy that the state seeks to destroy. Both mayors are also (ex)cocaleros. The mayor especially accumulates social and symbolic capital, which hinges on the support and the respect of the population. Therefore, he is acting accordingly and seeks to represent the interest of the population. At the the same time, as a representative of the district the mayor seeks to get government funding for local projects. This results in the difficult situation where he wants to satisfy his constituency and secure financial support from the state. A public servant calls it "double discourse" (Vradevj) that seeks to meet both ends of satisfying the local population and the state.

The cocalero leaders hold most of all social capital as primer representatives for the coca economy. They are advocating the cause of the coca farmers and often hold political offices as well (the mayor's office, or autodefensas). Their influence rests on the ability to unite people for a common goal of

[230] Mostly there are whole communities ("centros poblados") involved in planting coca and refining it to coca paste and until 2015, the main way of smuggling drugs out of the region has been through small airplanes for which illegal landing strips needed to be built and rebuilt once destroyed by the police; an effort in which whole communities have been involved and paid for. Hence, the involvement in drug trafficking is obvious and well known. Nevertheless, influential supportive actors for the coca economy deny this obvious connection or at least downplay the knowledge about it.

supporting the coca. Demonstrations in 2001 and in 2017 show that they are still able to unite masses. Additionally, being the leader of cocaleros in a cocalero valley secures income. The cocaleros pay a "voluntary" tax, however this decreased in recent years. Today, the power of cocalero leaders relies mainly on their social and political abilities.

The autodefensa´s position is mainly based on their historical role in providing protection and control during and after the conflict. In Santa Rosa and Llochegua it is a well-respected and trusted actor, accepted in the population who hold that they can use coercive means and can ultimately use violence. Many of the autodefensas are cocaleros too and their relationship towards coca is supportive, while at the same time they officially condemn the drug economy. Owing to a growing presence of state security forces, the influence of the autodefensas decreased because the police restricts their their influence, especially in the urban centers. Nevertheless, the CADs are still an essential aspect for the security architecture and are powerful actors in society.

The most direct and potent impetus for drug trafficking comes from local *firmas* or family clans. Unlike the mid-1990s, international cartels have no influence on the local order. Instead, local firmas play an important role in the control of the local drug production and trade. Their specific role is difficult to assess and one needs to rely on police reports and interviews in the region. They are probably the most important actors for adding value to the most prolific product of the valley, but they are not the most powerful actors in the valley. Nevertheless, there are several reports on selective use of violence in the forms of killings related to the drug trade. There are reports of hitmen being hired by local drug trafficking organizations. People do recognize this sort of influence but stress, "*If you don´t mess with them, you don´t have problems, you will have a quiet life*" ("si no te metes con sus cosas, no tienes problemas, tienes una vida tranquila") (Vrapopulcar; Vrataxm).

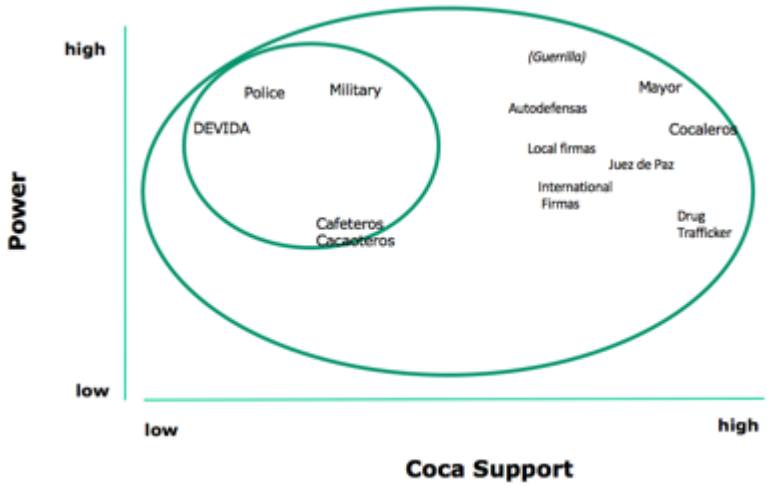
Autodefensas, mayors, cocaleros and local *firmas* can be identified as the most important actors, relying on social, economic and coercive capital. What all of them have in common is a positive perception of the coca economy. Even if their source of power is different, the support for coca is a connecting factor. Another important actor is the Juez de Paz. As legal authority he is a well trusted and respected actor in Llochegua as well as in Santa Rosa. Due to his high social capital he holds a powerful position within the communities.

On the other side are state and the state supportive actors. The police, which also holds coercive capital. The social influence is relatively low at the same time since their relationship with the population is restricted to the fight against drug trafficking (or the illegal participation in it). It is mainly perceived as an actor that seeks to fight drug trafficking and reduces the extent of coca cultivation. That is a contributing factor why their role in the region is not completely accepted by the population.

DEVIDA or ProVRAEM have a negative view on coca and seek to withdraw the illicit economy. They are two entities that hold economic influence and possibilities to support local peasants selectively, but are criticized by most of the population for not bringing a real support (see chapter The Coca Economy). State actors in the valley are against the illegal economy which is mainly based on coca and the economic revenues from drug trafficking. Nevertheless, they are influential actors even though they have only low levels of trust and acceptance among the population. After the state invested more effort and increased its presence in the region, which is visible by the number of projects and funding, it affected the local order which was dominated by the illicit economy. Today, state actors do have a presence in the area, and interfere in the illicit economy. But even if the state agents exist and interact with other actors in the VRAEM, they are still not completely part of the local order or at least are not able to influence it drastically. We might add those farmers that opted to change their coca crops to licit coffee or cacao or other crops that are promoted by the state. Even though their numbers are increasing, they do not accumulate a lot of capital. It also seems that they are on the edge of the field connected to the state to the traditional local field. In this "field", state actors have a negative stand on coca and the drug economy, and their actions are guided by this relationship to coca

Hence, in Santa Rosa and in Llochegua as well we see in fact two fields of power: One, that is dominated by state actors and the support of alternative development and another one, the traditional field, that is dominated by non-state actors and the support of coca (Figure 26).

Figure 26: VRAEM Field of Power



The various powerful actors are not completely detached from one another, but interact directly or indirectly. The main focal point is coca and the illicit economy: While state agents fight the illicit economy, local authorities and powerful actors are in an influential position because they actively support and accept the economy. The hierarchy among different actors has the same basis and relies

on the relationship to the coca economy. The power basis is diverse and distinguishes both *fields* from each other, but at the same time the reason for their position is their role in the illicit economy. While state agents in the VRAEM are mainly in the region to fight drug trafficking (and insurgents), other actors have a positive attitude towards coca and/or drug trafficking. It is striking that the dominating groups are either supporters of the coca economy or fierce critics of it. The polarizing influence of coca is a defining element of the fields and is a lot more complex where state and non-state actors and legal and illegal actors are entangled. This interplay of different powerful actors is more complex than merely the fight over an illicit good, but it is this illicit good that is a basis for the accumulation of power. In this sense, power is not about fixed influence but is relational and depends on the recognition of power and the acknowledgment from different agents. Bourdieu stresses the importance of the acceptance of powerful actors. This relational power structure in the valley is highly affected by the illicit economy. The support for coca, the participation in an extra-legal activity, and the fight against coca: all have the coca as their defining element.

When talking to authorities in the VRAEM, a double discourse becomes evident; defending coca when talking to the population, while at the same time welcoming government help for alternative development and the destruction of coca when talking to government officials (also mentioned by DEVIDA officials: Vraunm; Vradevj). One reason for this double discourse is the need for investments and the expectations for changes in infrastructure and services. The reason why people think of the mayor as the most important person is because he is responsible for applying for investments and infrastructural development. The mayors govern within the state, applying for government funds, but at the same time defend coca and officially disregard the production of drugs. This is related to the perception by the population that service should be provided by the state. One statement of a shop owner in Llochegua is exemplarity: "*I do not trust the state. The state does nothing" – But* should he get more involved? – *"Of course! Look at our streets, we do not have a waste water [system] or a nice market place […] the state is only interested in destroying our coca"* (Ll 4). I would call this *"conditional acceptance"* of the state, which only goes as far as it does not interfere with the coca economy. Even though the state has had a low presence for a long time and even though the illegal economy is still widespread, people do not oppose the state presence *per se,* but want improvement in basic services and still being able to receive money from the coca economy.

For state agents, on the other hand, it is difficult to reach out to the local population since local rules and practices are different, but also because their financial basis is often against the law. The power basis of state agents relies mainly on coercive and economic capital provided by the state. State actors such as the police and the military use coercive means and also economic incentives, which are mainly related to the activities of alternative development. Alternative development promotes those who are

willing to participate in a program for substitution, providing economic incentives and structural support, for example in agricultural training (see ProVRAEM). As a DEVIDA official puts it, these program paticipants should serve as a good example, as leaders of their communities who can advocate for change (Vradevj). From the state's point of view, accessing the alternative economic programs or educational opportunities and accepting a new economic order controlled by the state should become a precondition for development. While its coercive means and the presence of a broader state security apparatus makes the state influential, its power is still limited because its activities against the coca. That is because, it creates a stark contrast between state actors and local actors as well as between state practices and local practices. This contrast limits the dialogical relationship to the population and consequently the acceptance and trust. Hence, these actors have power to fight drug trafficking, but not enough to effectively change the illicit economy or change the local order completely. They are trapped in their role of fighting the local economy and thereby raising suspicion among the local population that the state is a threat to their livelihoods. This in turn leads to low levels of acceptance among the local population.

At present, there is a relatively peaceful coexistence between two fields and the powerful actors within those fields ("*state and local traditional/ coca actors*"). However, this might change when coca as the basis for the local economy will be destroyed. Once eradication campaigns start in the region, incidences of violent acts against state agents may occur and influence the stability in the. The equilibrium between non-state and state actors would most likely be destroyed and actors such as drug traffickers or autodefensas might support the defense of the coca violently.

7.9 Conclusion: VRAEM

This chapter has analyzed the effect of the illicit economy in the VRAEM, which is an example of a "brown spot" region with a dominating drug economy. This illicit economy was indeed a defining factor in the formation of a *quasi* autonomous region in the absence of an effective state control. I have presented evidence for the historical importance of the illicit commodity for the valley, its effect on the economy, security, rule and power structures. In short, the analysis in this chapter has shown the effect of a drug economy on the local order.

Reflecting on the interplay of the illicit economy and the state, the chapter has given an overview of why and how the illicit economy got so deeply engrained in society and what influence it had in local power structures. Local structures are directly or indirectly affected by the illicit economy and dominate everyday life and practices. The illicit economy has an impact beyond the individual and

becomes a defining part of the local order. I have shown that local order is accepted and supported in the region, which was broadly affected by the illicit economy. In this environment, the increasing presence of state actors, who actively fight the illicit economy, results in a dichotomy: either rejecting or justifying the coca economy. Local power structures can be related back to this dichotomy and the relationship to the coca economy marks the distinction among state and non-state agents in the coca valley. Hence, coca and the illicit society construct a field in which positions and finally power is defined by their relationship towards the coca economy.

All local authorities actively or passively support the illicit economy. While there is no necessary need to be actively involved in drug trafficking, there are clear signs that the majority accepts it. This results in a dilemma for the state: by trying to integrate the region into the state and transforming the region's economy, the state´s interference actually supports the dichotomy of being in favor or against coca and the illicit economy. That in turn creates a symbolic struggle for the coca economy. A struggle about what we could call in Bourdieu's words, a "*legitimate vision of the world*" (Bourdieu 1989:20): A vision by the state on the one hand and a vision by the majority of the local population on the other hand. In other words, it is the vision about the coca economy as an illegal good or as an integral part of society that needs to be abolished. Ultimately, this is reflected in the field of power.

I have analyzed that the development of the illicit economy is connected with external demand and the internal conflict when it sustained the autodefensas in their fight against the guerrilla. During and after the conflict, coca and PBC became the primary sources of income for the region. The relationship to coca and also to drug production goes beyond mere economic gains and also resulted in a common understanding of what is "correct". The state only recently established its presence with police, military bases, and increasing investments in infrastructure and services. However, as in other regions of Peru, in the years after the conflict, the incapacity of the state to confront the increasing boom of illegal products in its margins becomes visible (Dargant 2012; Vergara 2015). Today, the state engages more in the VRAEM, not only by directly fighting the illicit economy but also by investing in infrastructure and alternative development. But even if its resources are more diversified, the state is still perceived as an outsider in the region, which is related to the state´s approach. The main rationale behind the state´s outreach is the coca, the drug economy, and the fight against the remnants of Sendero Luminoso.[231] The alternatives offered to the population do not leave much of a choice, can lead to the destruction of the local economy and put peasants under pressure. At the same time the chapter has shown that the state is not per se rejected but is understood primarily as a service

[231] One could argue with Mann that the attempt of the state is to broaden its *infrastructural power* but the population perceives it as an act of *despotic power* (Mann 1993), aimed at changing the economy.

provider. Expectations are clearly defined towards the state and include economic and infrastructural development and that coca is accepted, at least until a viable alternative is established. This affects the resulting power struggles and predefines the state´s role in the region. While growing state investments result in alternative opportunities, these are not sufficient to change the local economy. Instead, the provided opportunities result in a parallel structure and the illicit economy stays intact. This approach does not destroy the illicit economy but only weakens it without providing a sufficient alternative. The analysis has shown that instead of changing the local order, state actors are a part of it without applying effective measures to change the illicit economy.

In this chapter I have identified two main *sources of power***:** one based on the illicit economy as well as traditional factors and the other one coming from the state. Both however, take their legitimation from coca either by fighting it or by supporting it. Thus, coca is the dominating factor and the respective role defined with regard to this basis is different. Indeed, in every society there are struggles and the uncontested monopoly of the state is never complete, since there are always actors competing with it. But as Swartz put it: the state "is the ultimate referee of all classification of struggles" (Swartz 2013: 142), the one that seeks to unify the rules of the game. In the VRAEM, there is an attempt to implement the state as a "referee" and changing the local order, which is only partly effective. In the agrarian society of the VRAEM, which is dominated by coca, the idea of receiving a better education, better streets or of getting support from the state and learning to produce good legal products, has shown some results. However, the expression of expectations of the state does not necessarily reflect a higher level of trust or acceptance of the state. Those who mainly produce coca still do not believe that the offered alternatives are working, which is why the majority keeps producing coca. Accepting the state's role is conditionalized on its ability to provide for viable alternatives. One could also argue that the legitimacy of the state and of state rule hinges on the provision for economic alternatives in addition to the aspects of security and rules.

When we understand the state as an actor, as a construction that needs to be recognized by the population, as an idea that is "incorporated" in the minds of the citizens (Wacquant 2005: 17), we see some success of the state's effort at integration. The state gains symbolic and economic influence, but its agents are not accepted. In this sense, the state actions have been successful including the "idea of the state", which can also be seen in demands towards the state. In accordance with the idea that the state is also the result of a recognition incorporated within the population (Bourdieu 2014), growing involvement of the state in the region could ultimately result in a "displacement of power" shifting towards the relationship to the state. On the other hand, demands by the local population and shortcomings in implementation make a successful integration more difficult. The presence of an illicit

economy results in a constant contradiction between the local population that relies on this economy and state agents that fights it.

8. Comparison of Cases

The following chapter will compare the cases analyzed and I will highlight the most important aspects for understanding the effect of illicit economies on local order and state formation. In the study I have analyzed two similar regions that are in the margins of the state and in recent times have experienced increasing state intervention. The key difference between these regions is the presence of an illicit economy. While in Monzón, coca has been destroyed and consequently also to a great extent the drug production, in the VRAEM (Santa Rosa and Llochegua), this illicit economy broadly stays intact. I have found that this also has consequences for local rules and the security. Moreover, it also results in different fields of power and in different dynamics within these fields of power in the regions. The destruction of coca did affect and reshuffle local order in Monzón. At the same time state rule implementation and acceptance are still at a low level. While the illicit economy remains intact in Santa Rosa and Llochegua, increasing state intervention created structures that are affected by state and non-state rules. This chapter will give a comprehensive comparison between my findings. It follows the same logic as the case studies, including the historical development, the economic consequences, security, and rule before highlighting the particularities in the fields of power. The last section concludes.

8.1 Historical development

The study has analyzed the historical development in both regions and the importance of the illicit economies. I have argued that the assessment of historical preconditions is essential for the analysis of order and the connection to state formation.

Both regions developed alongside and in part because of the coca economy. The Alto Huallaga became the historical center for drug production not only in Peru, but also developed into the principal supplier for the basis of cocaine worldwide. The area was only recently populated and right from the beginning of the 1940s coca and later the illicit economy of production and trafficking from PBC dominated the area. The boom of cocaine attracted new settlers and resulted in increased migration. The conflict supported this development and provided the financial basis for the guerrilla. In the Alto Huallaga and Monzón the lack of state control facilitated this development in the region. The historical analysis has indicated that during the time of the second coca boom the state did not have influence in Alto

Huallaga and Monzón. At the same time, local order was constructed after the conflict and was primarily based on coca and the support of the coca economy. Right from the start coca and cocaine played a substantial role and led to the creation of powerful non-state groups that maintained their positions because of the illicit trade.

In part, this development is similar to the VRAEM, in particularly in Santa Rosa and Llochegua. Even though the region yielded a diverse range of agricultural goods, coca became the dominant product. Again the conflict played an essential role in this regard, but in this case self-defense groups financed themselves by selling coca. Furthermore, it was also mentioned several times that the coca was the reason for "survival" of the people in the region. A particularity of the VRAEM is the evolution of villages and urban centers during the conflict. In order to defend themselves, people who in earlier times lived in relative isolation now started to together. The results were settlements and later district centers that needed organization and which evolved without greater state interference. In these new settlements local order in the margins of the state became more tangible.

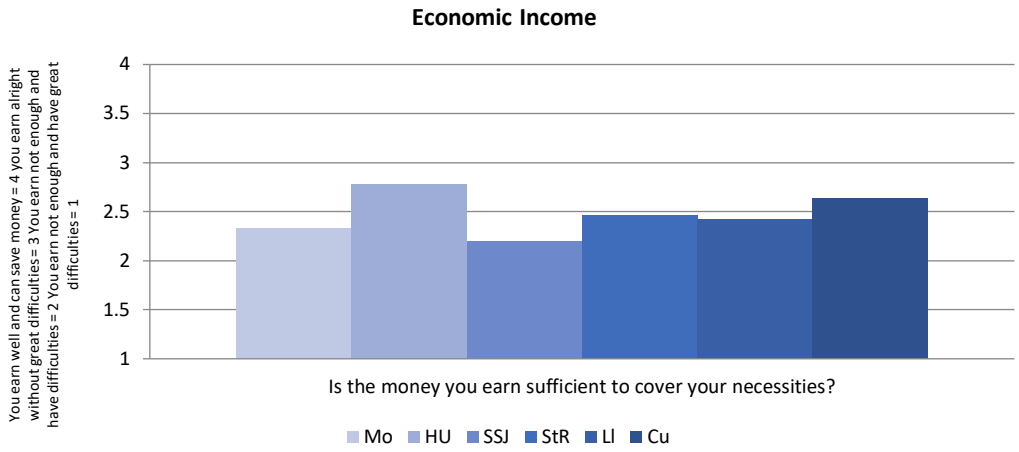
One major difference between the two regions is the role of coca and the guerrilla in the conflict. In the Alto Huallaga, the guerrilla was at first source of support for local coca farmers. Both stayed connected to each other for a longer time because of the coca economy. In the VRAEM, the coca in fact financed the fight against the guerrilla. Money earned from drug trafficking served to finance the Guerrilla in its fight against the state, in the Alto Huallaga. In the regions of the Apurimac River in Ayacucho, the income from PBC served precisely to to finance the peasants and self-defense groups who finally defeated and expelled the PCP-SL from the area (CVR Tomo V 2003: 739). Despite differing causes for the illicit economy, coca and the illicit economy became the basis for development in the absence of state control in both regions I have analyzed.

8.2 Economy

A second important factor in the analysis has been the local economic structure. I have analyzed the effect of the illicit economy on the local economy, the involvement of the population, and the relation between the illicit and licit economy.

The most striking difference between Monzón and Llochegua or Santa Rosa can be found in the economic basis. We have seen that the economy in Monzón was primarily based on coca. For long time, Monzón and the Alto Huallaga constituted the epicenter of drug production and –trafficking, however this radically changed with the advent of state intervention. The destruction of coca and the drug economy reshuffled the economic basis and resulted in an economic downfall. Exemplary in this

are the low number of businesses and the personal perceptions of the people interviewed for this study. Several references to the time when coca was dominant in the region and the comparison to today's austere economic situation are indicative of how the economy changed due to eradication. The lack of economic alternatives in Monzón is the most articulated complaint.



N = 124

It is striking that the personal perception on economic income in the VRAEM is relatively low as well, and that there is no considerable difference in the personal income perception in the two regions. As presented in the graph, perceptions on personal income are only slightly lower in Monzón, Huipoca, and Subde de San Jorge (light blue) as compared to data gathered in the VRAEM in Santa Rosa, Llochegua, and Cumunpiary dark blue). If we take a closer look at the economic structures however, we find several variances, for example in the number of businesses and the forms of businesses. In Santa Rosa and Llochegua, I found that the majority of businesses can be described as "consumer business" or "recreational", in particularly bars and garment shops. The other main business type can be linked to coca and cocaine producing "industries". Based on my interviews, this seems to be similar to what could be found in Monzón and the districts studied in the Alto Huallaga as well, until the eradication of coca changed the economy completely. Today, the number of businesses and bars in Monzón is reduced and the remaining business mainly stems from the construction works realized in the area. People express their disappointment because of the economic hardship that is prevalent today, after the coca disappeared.

In both cases, the economy is the dominating factor in society. In Monzón, the decade long illicit economy resulted in a dependency on coca not only for the *cocaleros* but rather the whole economy. While this secured personal income, it did not lead to infrastructural development or investments. Something similar can be observed in the VRAEM. Direct economic benefits were the basis of support for the economy and those promoting it. The allegedly easy money also became also a pull factor for

migration and for getting involved directly in the illicit economy. Young people get introduced to the illicit economy by older peers or parents. This generational aspect might serve as a further reason for why people get involved in the illicit economy. The layered production and commercialization structure of the illicit economy provides economic income to a broad range of the population. The majority work directly with coca at the agricultural level. However, the connection to traffickers and drug producers is also widespread – often via family bonds. The experience of Alto Huallaga and the VRAEM shows how deeply ingrained the economy is in society – even though it was/is an illicit economy. Thereby, it is not only the direct economic dependency but the *belief* that nothing else except coca would grow in the respective regions. This thinking is widespread and besides the concrete and direct economic benefits of coca as compared to legal products, the *belief* that there are no alternatives becomes a basis of support for coca.

Investments in infrastructure have been very low, so state involvement in Llochegua and Santa Rosa is partly seen as a chance for development and investment. At the same time, the growing state presence is perceived as a threat to the local economy. This results in a *double discourse* that on the one hand welcomes state investments but on the other hand wants to preserve the current economy that is based on growing coca. This is because people do believe in the current economy of their region as well as in the institutions, whereas they do not trust state promises and development plans.

The illicit economy was in both cases a link for society that included most of the people economically. Moreover, it created an internal bond that connected the majority of the society in their support for coca in the VRAEM and in the Alto Huallaga as well. While this bond was destroyed in most of the Alto Huallaga and Monzón, it is still intact in the VRAEM. Some experts see different actors in the drug *industry* comprised of family groups. But the more likely explanation is that there are loose networks that produce and collect drugs on demand. Such a system with a diversified production scheme is more difficult to control by state security actors. Furthermore, the presence of international criminal organizations such as Bolivians, Colombians or Mexicans is rather volatile and not permanent. Thus, this fragmentation results in more difficulties for intelligence and state security in actually capturing those responsible for the trade.

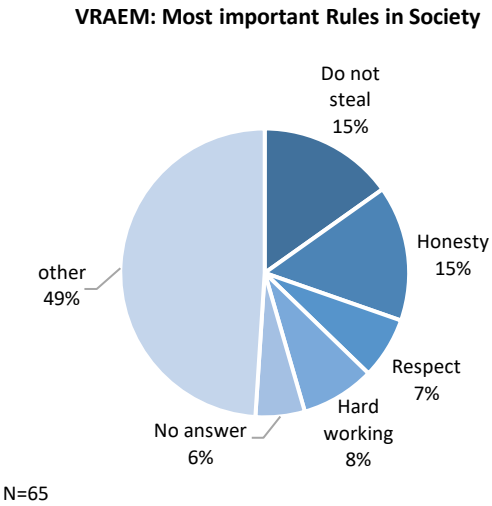
The perception of "*we as cocaleros*" that stand united against intervention can be seen in the VRAEM today and is also described in Monzón during the time before state intervention. Formal income opportunities are not perceived as a chance but instead are regarded as a potential threat for the local economy in Santa Rosa and Llochegua. In Monzón on the other hand, people are still skeptical about the capacities of alternative development. Notions of legality or illegality do not guide the perception for the local population. There is no perception of doing something illegal and therefore "wrong".

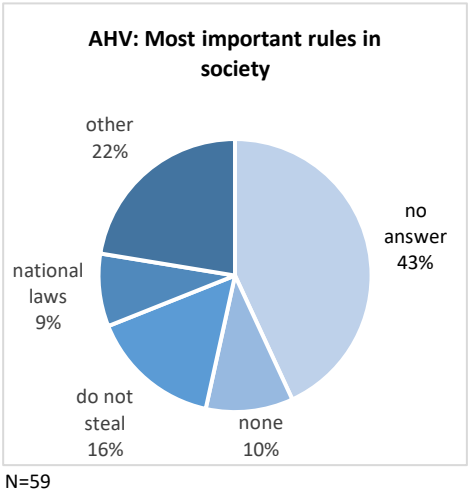
Instead, I found the perception of what Renate Mayntz (2017) calls “legitimate illegality”. As we have seen, legitimacy is defined by social acceptance and the “belief” in the rightfulness of actions. In the case of the illicit economy to date in the districts analyzed in the VRAEM, and also in retro-perspective in Monzón, the high social acceptance of the illicit economy is important for understanding its dominance not only economically but also from a social view point. Finally, the coca is presented as a traditional plant which also supports the legitimacy of the coca production. However, the analysis has shown, that the majority of coca produced in Monzón was used for the production of drugs. Likewise, also in the VRAEM today, coca serves the primary purpose of producing drugs.

This direct connection to the coca and the implicit relationship to the drug economy were visible in Santa Rosa, and Llochegua, and also in Monzón. In the districts of the VRAEM it was highlighted that the whole economy depends on coca while in Monzón people argued that the alternatives do not work and thereby stressed the importance of coca as well.

8.3 Security and Rule

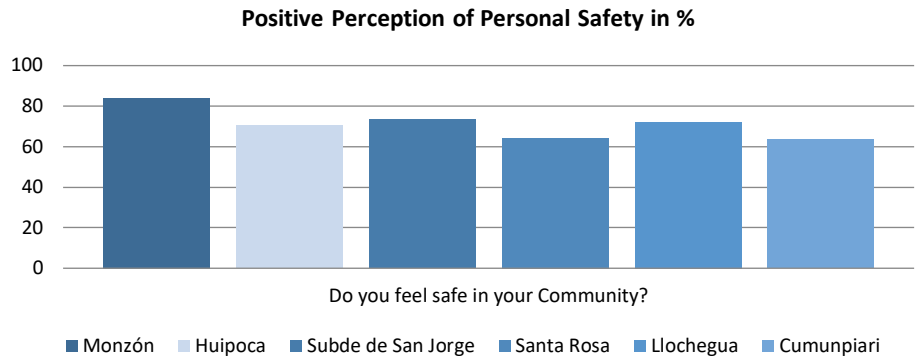
In the theoretical chapter, I have discussed the variations in territorial control, security, and local rule of states. The security sector in the regions I have analyzed is also defined by the absence of an uncontested monopoly of violence and regulation from the central state. After the conflict ended, the main actors for security provision have been the self-defense forces that control and punish wrong doing. In the case of Monzón, the police have not been present until recently, after eradication and the installation of police commissaries. Also in Llochegua and Santa Rosa, the newly established police posts are not completely integrated, which is evident in many complaints from the population. In part, this is due to the different rules that are implemented and the lack of acceptance of state laws as the most important rules in society. These rules are affected by the historic experiences of state absence. As the results of my analysis show state rules are not fully implemented in either of the regions, despite the increasing presence of state actors.





On the other hand, it is important to highlight the number of complaints against state actors because of corruption, and in the case of the VRAEM, because of the involvement of state actors in drug trafficking. In both region trust and acceptance in the police is very low and state security actors are rather perceived rather as a factor for disruption of local order than being of actual help. A complicating factor in the VRAEM is that the police is mainly perceived as a threat to people's livelihoods, since many see them as acting primarily against drug offences and not against petty or violent crime.

I did not find forms of illegal protection *rackets* in society apart from security actors in direct relation to drug trafficking. In both regions, the security is/ was not directly but merely indirectly linked to the protection of the illicit economy. Contrary to many analyses, on the topic, drug trafficking organizations do not have control over the drug production regions in the regions that I studied. They are able to use selective violence, and thoee violent attacks are mainly directed against state security actors or other drug trafficker. But these drug *firmas* are not able to effectively set or implement rules. This rule setting and rule implementation is provided by the self-defense forces as well as by the state security actors. Due to the lack of state control, traditional security structures were in place implementing traditional rule. These security structures did not interfere with the local economy and in fact profited from this economy as well. In the case of Monzón today, with eradication and the destruction of the illicit economy, there are no drug trafficking organizations with coercive capital and the autodefensas are de facto not active anymore even though they still exist. The police should now provide security, however, trust in the state security actors is low. In the VRAEM, the autodefensas still play an important role and cooperate with the police. But the analysis has shown a lack of coordination between these actors, partly because of the proximity of the CADs to the coca economy.



N = 124

Even though the depiction of the regions as "*tierra de nadie*" and the necessity of rescuing those living there became an official rationale, it does not necessarily meet with the perception of the local population. Contrary to this, the population does not see an immediate link between the illicit economy and personal insecurity. Neither is there a general perception of insecurity. These findings make contributions to the debate on whether illegality necessarily leads to violence. The comparative analysis has shown that there was a control on violence and provision of safety despite the presence of a high value illicit commodity in both regions. The local security organizations have been crucial in this regard as well as their non-interference in the illicit economy.

This mix of state and non-state actors with different and partly intertwined influences in the security sectors is a striking particularity in the VRAEM. However, not all of these actors have the same legitimacy nor do they necessarily stand for and defend the same order. Some of these actors rose in times of conflict and found their role in the post-conflict era. The illegal economy in part financed the fight against insurgencies. After the conflict, these illicit activities intensified and communities grew because of the illegal economy. Only recently did the state begin to build up its presence in those areas but still depends on the help of non-state actors to secure order. In Monzón, these non-state security actors have been the most important actors against petty crime and local violence, but lost influence upon the arrival of the state. At the same time, they have been strong supporters of the coca economy. The CADs are seen as an essential institution that helps in maintaining order. Methods included corporal punishment or incarceration. But after the state intervention, the police have taken up the main role for security provision but are less trusted and accepted than the autodefensas. In the VRAEM, there are high levels of trust towards the autodefensas, who still play an important role in providing order, particularly in remote communities. They also stand for the implementation of internal laws that seem to have higher values than the state laws for the local population. The autodefensas do not interfere with the illicit economy Some analysts also mention that they are still

involved in the illicit business or at least support cocaleros. The police on the other hand, fight the production of drugs and the population reckons that this is the only work they are involved in and that the police therefore neglect security provision. In addition, corruption and the perceived arbitrary actions in particularly by the police, contributes to low trust in state security actors as well.

Thus, the connection to the illicit economy plays an important role for local security actors and it essentially defines the relationship of these actors with the population in the region. In the VRAEM, the police are perceived as fighting mainly drug trafficking instead of controlling petty crime or supporting the local population. The drug economy was one of the major reasons why the state invests and intervenes in the regions. Incarceration of leaders and (alleged) supporters of drug trafficking and the guerrilla became the rationale behind state intervention. The autodefensas by contrast, support the coca economy and often hold parcels of coca themselves. Furthermore, during the conflict the drug economy served as an important resource for the autodefensas. Also in Monzón the police are not perceived as a support but rather as a disturbance. In both cases, trust in the police is low. This lack of trust in both cases and the interference with the local economy in the case of the VRAEM are two important reasons why the implementation of state rule proves to be difficult.

8.4 Power

The long history of illicit drug production in the margins of the state affected local fields of power in the respective regions, with specific rules not only for social life but also for the accumulation of power. In both regions, there is a particular field, which is consititutedprimarily by the relationship towards coca. Local rules and bases of power are decisively related to coca. The cases that have been analyzed show how these particularities also formed the relationship to the state and are affected by state intervention in the regions.[232] For the regions with a dominant illicit economy, I defined economic, social, coercive, and symbolic capital as primary bases of influence in the field. The intervention of the state changed the basis of power and ultimately affected the local fields of power.

For Monzón, we have seen that powerful actors have been clearly related to the illicit economy. Powerful actors included *cocalero* leaders and important drug clan leaders. The former also held important political positions such as the mayor's office or high positions within the self-defense groups. Important drug patrons had rather subtle powers and had mainly economic or coercive capital. However, these two groups cannot be separated. They were closely connected. Following these two

[232] The analysis of fields of power implicitly followed the basis of a correspondence analysis (Korrespondenzanalyse) (see Diaz-Bone 2006: 47; Müller 2016: 88)

actors, there were the Juez de Paz or the *gobernadores* who had important roles, although to a lesser extent. The population lived from the illicit economy either directly or indirectly. Thus, they supported leaders who did the same at the local level and also against the state. Those who were against the illicit economy or voiced their aspiration for change were confronted with social degradation or suffered financial losses when their crops were destroyed as a form of punishment. Often this was done in a collective manner. We have seen in Monzón how the destruction of the coca and the illicit economy destroyed not only the economic basis of the region, but furthermore reshuffled power relations and in fact created a new field of power which is now related to the state. The new structure is still not strengthened, but has witnessed an important change. Accumulation of capital today is related to the relationship with the state and to the capacity for applying for funding.

The accumulation of economic, social, coercive, or symbolic capital in the VRAEM depends on the relation towards coca on the one hand, and on the connection to the state on the other hand. Thus, powerful actors either support the illicit economy and the coca and therefore are part of the coca society, or they are against it and are related to the state and state programs. While we see important and influential figures such as the cocaleros or the mayor supporting the coca economy, they are not the only influential actors anymore. State intervention here meant that the old power structures (formed around the coca economy) stays intact but is supplemented by new actors and rules who are working against the illicit economy. These new actors form a second field of power in which the most important connections are state proximity and the attempts to change the illicit economy. This new constellation creates tensions, overlaps of spheres of influence and interactions between actors within this structure. Hence, instead of one actor dominating the region the complex interplay of power structures depends on the coca economy and includes a variety of powerful actors. The increase of influence was based on the support for coca, but was not based on singular criminal or drug trafficking organizations. Instead, cocaleros have been the most important actors in combination with autodefensas, mayors, and the juez de paz. Later this set of actors became even more diverse with the growing influence of state actors. In particular, none of the actors can act independently but are dependent on support and/ or acceptance from other actors.

The major difference between the two regions in focus with regard to the power structures is the presence of the coca and the illicit economy. The absence of a dominating coca economy in Monzón changed the dynamics of capital accumulation and created a new “dependency” – this time on the state – with all the consequences on local order and state-society relations described above. In the VRAEM, the continuity of the coca and the illicit economy left the power structures intact and functions similar to the times before the growing state intervention. But a higher presence of state actors leads to an additional power structure and created new dynamics and overlaps in the areas of economic

actions and security provision. In the long run, that might shift capital accumulation to more state proximity and increasing the states role in the region, but only if this results in more benefits for the local actors.

8.5 Conclusion of Comparison

How do illicit economies shape or influence regions with low state control? The findings presented in this thesis suggest that there are influences at different levels concerning actors, the power structures, the economy, and rules. In the absence of an ordering state in "brown spots", a complex structure of actor relations and institutions has formed. Partly these institutions are direct results of the internal conflict, and in part they are intertwined with state institutions and conserved an illicit economy and vice versa. The cocalero zones particularly show a resistance to change and have seen instead another form of evolution compared to the rest of the Peruvian state (see also Aroyo 2011:35). This evolution or "formation" of the society came with and in part because of the illicit economy.

The analysis of both regions shows that the illicit economy was not something alien to society but was instead deeply ingrained into it. Coca formed the internal power structures and also the relationship with the state. The coca economy became the basis for social structure. Coca growing, drug production and trafficking, and illicit behavior was "socially embedded" in the local society, these were commonly accepted and social ties were constructed due to this social behavior (Bourdieu 1987/2016; von Lampe 2016; Beckert and Dewey 2017; Mayntz 2017). The consequence of the illicit economy in the regions I analyzed for this study was not necessarily more violence but included social consequences with more movement of money, growth of bars and brothels, and its own rules, practices and ultimately a local order different to that of the state. For the process of state formation, the understanding of these different factors is important. It has become clear in the analysis that the state had and still has difficulties in implementing rules. Even if state intervention was successful in including a new basis of power, the inclusion of those marginalized areas is a complex endeavor, not least because of the illicit economy and the particularities it implies for the field of power.

In Monzón, the illicit economy was tied to coca and the absence of state institution. The destruction of coca and the installation of state security actors in the region ended the dominance of the illicit economy. The analysis showed that these were preconditions to restructure local order even if new powerful actors themselves were not perceived as legitimate. Eradication has left a society in transition economically, socially and politically while the population does not yet perceive state projects as viable alternatives and state actors as legitimate. In the VRAEM on the other hand, state investments and institutions became more visible only recently after the coca economy developed without greater state

intervention. While there are confrontations between drug traffickers and state security actors, there is no open confrontation between state security actors and participants in the illicit economy; this would influence local order or would become a threat for personal security of the local population. Instead, the VRAEM is an example of two structures that exists at the same time with selective interconnections. The presence of the illicit economy marks a major difference in the local order of the two regions and the state-society relationship. The analysis has shown that not only is the economy is widely influenced by the presence of an illicit economy, but the acceptance of security actors, rules, and power structures are affected as well. Hence, these factors are different in the coca society of the VRAEM (Llochegua and Santa Rosa) compared to the post-coca society in the Alto Huallaga (Monzón).

In the analysis, I have presented that not a single criminal actor or group controls the region with far reaching power and dominance, as described by Desmond Arias (2017) based on urban examples. Drug trafficking organizations or family clans cannot be completely detached from the local order, but do not hold a decisive influential role in society. Power distribution is more dispersed and is also in relation to the illicit economy. Local institutions supporting the economy did not suppress the local population in the regions I have analyzed. Instead, in both regions, marginality and the illicit activities build the basis for local order and provided opportunities for many actors to gain power. They are supported by the local population, contrary to state actors who act against this economy. The provision and organization of economic outcome became a defining aspect for accumulating capital. In the analyzed cases, I found that the illicit economy is the basis for powerful actors and constitutes a local order. This implies that the eradication of coca and the immediate termination of the drug business would not only destroy the livelihoods of the population in these areas, but can also put the local order and stability at risk. In Monzón, this trend can be observed at the moment.

The society follows a *double discourse* in the regions. On the one hand everybody knows that the basis of the local economy is against the law while on the other hand the majority is connected to the illicit economy and defends it. Thus, there is a fundamental difference between the state perception on the regions and the perception of the people living in that area. For the state coca and the illicit economy is a problem that needs to be eradicated. However, for the local population on the other hand it is their right to proceed with what they are doing. The population holds the view that the local order and institutions defending their economy are legitimate. This does not necessarily mean that they perceive the state as illegitimate, but that the particular policies and actors that stand against the drug economy are not accepted. In both regions, structures other than that of the state formed alongside the illicit economy. Furthermore, own rules and actors evolved which are perceived as legitimate in the region. In consequence, it seems like that there is an "*insider – outsider*" perception. Being the outsider, the

state is only accepted as long as it brings economic and infrastructural development, which takes time to implement in regions that have been in the margins of state control before.

The growing state presence creates a dynamic process, which is different in the VRAEM as compared to the Alto Huallaga, because of the presence of the illicit economy. In the VRAEM, state intervention created a dynamic that involves local traditional actors and the state, while the illicit economy is intact at the same time. This implies divergences and potential conflicts between state and non-state actors. In Monzón, the limited scope of the state becomes visible in the difficulties that occur in reaching a sustainable outcome after decreased drug trafficking. The limited success also shows the restrictions of the state. As it has been argued elsewhere, an overstating of a "law enforcement" approach in itself can damage the state-society relationship, and harms the legitimacy of the state (Davis 2010; Arias and Goldstein 2010). At the same time, the international prohibition regime results in higher efforts to increase state reach in the marginal areas of drug production. The analysis has shown that state actions affect local order that until now had been neglected by the state in its attempts to implement state policies. State policies towards the regions are primarily shaped by the main aim of changing or destroying the illicit economy. Hence, these policies interfere with the basis of the local order. However, instead of an upfront rejection of the state, there is a negotiation process for further state integration. Local powerful actors react to these state policies, demanding specific benefits or defending the local coca economy.

In the VRAEM we see a hybrid structure while the AHV is a region in transition. Both regions do accept the state only partly which can be related to the illicit economy and the historical development. In Monzón, the legal economy and a good relationship to the state are presented as the only viable options (mainly by state actors). There are only a few possibilities left to produce coca and cocaine, and the majority of the population is not involved in these activities anymore. The destruction of the local economy based on coca has redefined local order and the connection to the state. At the same time, the intervention resulted in mistrust of the state, particularly because of an economic collapse and changes in the security structure. State actions are perceived as invasive and results in low levels of trust or low acceptance of state actors are the result. In the VRAEM the dominant presence of an illicit economy affects local order and the constitution of power structures. In Santa Rosa and Llochegua we see the presence of two power structures that are connected, but each constitutes a distinct *field* on its own as well. The presence of the coca economy as the basis for negotiation is important because it establishes the rational for state intervention, while at the same time the coca economy is the basis of power for most of the local powerful actors. The results of these *negotiations* shape the changes in capital and finally upon the *belief* if the state and state institutions are legitimate actors. As the analysis has shown, this is due to local structures that are directly and indirectly

influenced by local economy. Hence, even if illicit economies did not erode the state and state influence, they do affect state intervention in the regions and predefine the dynamics of state and non-state interaction.

9. Conclusion

Insecurity. Violence. Conflict. Disorder. These are some of the common links drawn in reports on drug trafficking and regions in the margins of state control. This Book has shown instead, that the effects of both aspects are more diverse. I have deconstructed the consequences of illicit economies on local order and the state and by doing so I have provided evidence of how the drug economy essentially contributed to local order instead of provoking disorder and violence in the two regions of Peru. Thus, the illicit economy became far more than merely an economic basis in the respective regions and was instead deeply ingrained in the local social structure. I have further shown that this order affects state integration. While the resulting local order developed to a large extent without state control, both regions now experience a sustained approach of state integration for the first time. However, as my analysis has shown, the state´s approach towards the drug economy also affects this integration process negatively. The state intervention has clearly reshuffled local order in the case of Monzón, while it resulted in parallel structures in Santa Rosa and Llochegua. But even though the intervention had a decisive effect on local order, state integration remains scarce. This final aspect is closely related to the illicit economy and the state´s action against it. Hence, in this work, I have analyzed the notion that illicit economies are deconstructive and a threat to the state. Instead, I have provided a detailed analysis on how drug economies in fact, have a vital part to play in the construction of local order on what effect this has on the interactive process of state formation.

I have bridged theories of local order, power, state formation, and illegal markets. With this combination of research approaches, this book has presented a novel understanding on the relationship between local order and illicit economies. From there I have focused on the comparison of the two regions and detailed the analysis at the district level and an in-depth empirical analysis. This study has followed a structured focused comparison of a small number of cases. Thereby, I have included qualitative research in the historical context, the economy, the security, and territorial rule as well as power structures in the respective regions. Given the scarce literature and lack of data availability, I have included ethnographic field research in the regions combining semi-structured interviews and participant observations with community members, authorities, state-, and non-state actors. The data collected during my field work in the Alto Huallaga and in the VRAEM provided the necessary information for the analysis for the research questions. Due to the complex and also because of the delicate nature of the research topic, I have used a mix of data sources, combining surveys,

expert interviews, and participant observation. Thereby I conducted 120 Interviews and 124 topic specific questionnaires have been filled out. In all I spent four months in each of the region.

In the following, I will firstly discuss the main findings of my dissertation guided by the main research questions. Secondly, I will discuss the broader implications of those findings for theory and practice.

9.1 Main Findings

At the beginning of my research I set out to analyze 1) How do the externalities of illicit economies influence local order in the margins of the state? And 1b) What effects do illicit economies have on power structures?
I have defined the main features of local order in context of the historical development, the economy, the security, and local rule as well as power structures. In the comparative analysis, I have shown that the illicit economy was not only a decisive factor in the historical development of the region, but was also highly influential in the evolution of a local order. On the economic level, the coca and drug economy provided the basis of livelihood for the majority of the population. But even more so, it created a closed region in which we could find rules and structures different to that of the state and that have a positive connection to the illicit economy. This did not result in a violent or coercive order but created an order that was accepted by and ingrained in society. In other words: the role of the illicit economy resulted in an unconscious process of "civilizing" the population in a given territory (Elias 1976).

I was able to show how this economy created a dependency, which is still intact in Santa Rosa and Llochegua. In Monzón, this dependency only changed due to the destruction of coca and resulted in an economic crisis. Furthermore, the security sector and territorial rule are also affected by the drug economy. The acceptance of security actors is related to their ability to provide for personal safety and also with regard to their stand on the coca economy. Low levels of trust in state security actors are strongly affected by these two factors. Finally, the rules developed over time and were different compared to state rules. They were deeply affected by the internal conflict in the region. There were no direct restrictions on the production of drugs and even local authorities participated in the illicit economy. Thus, in the comparative case study, I have shown that firstly, local order is not only affected by illicit economies in the regions I have studied, but is also constructed by it. Local actors mostly depend on the support of the illicit economy. Secondly, due to the dependency on an illicit good, the attempts to destroy it affects state integration. With the arrival of state institutions, local rules and norms changed, while state rule is only partially accepted.

Today, state rule is dominant in both regions; however, implementation and particularly acceptance of these rules are still imperfect. I have presented that the main difference in the power structures of the analyzed cases lies in the presence of an illicit economy. What I have analyzed in this study is that the illicit economy is still present in the VRAEM, while it was destroyed in Monzón. Hence, in the VRAEM, the increase of state presence happens at the same time as illicit economies continue to exist. This setting creates a "second field of power", which this time is basically constructed by state proximity. This second field of power in part overlaps with the previous field of power, which was constituted primarily by the proximity to coca and the illicit economy in the region. Following the concept of fields and capital by Pierre Bourdieu, I have identified that power structures are co-constituted not only within those fields but also by the relationship between the illicit economy and the state.

Even if no dominating criminal armed group evolved from the illicit economy to challenge state control as described by Desmond Arias (2006) for the favelas of Rio de Janeiro, the coca and drug economy still draws a line between the state and the local coca growing regions. It created not only an economic sphere, but also local order in differentiation to the state. At the same time, local powerful actors and local elites based their power mainly on the relationship to the illicit economy and the absence of the state. Hence, those actors who gained power within the field of power had no interest in further state integration or were interested in it only under their own conditions. But the illicit economy had an influence that was beyond singular powerful actors: instead it constituted an accepted local order, based on the marginality and on the illegal economy.

Hence, this work has shown that illicit economies can constitute its own field of power. This approach provides an opportunity to include the role of illicit economies in a relational analysis with the state. While in the VRAEM this former field of power is still widely intact and is now "complemented" by a second field dominated by the state, in Monzón, the destruction of the illicit economy and the growing influence of state institutions essentially destroyed the former power structure. In both cases, we can hold that the illicit economy influenced practices and ultimately local order in the regions. The analysis has shown that the presence of an illicit economy in the margins of the state had far more effect on local order than merely from an economic perspective. In short, I have given a detailed analysis and presented evidence that the illicit economy in actuality really became the basis for local structures and social interaction

As a second main research question, I looked at how this local order links back to the state and state formation. The findings of this book can tell us about important parts of state formation with regard to marginal regions and the influence of illicit economies. Focusing in the analysis on the local level has

allowed us to zoom in on the state-society relationship and the dialogical process of state formation. The effect on state formation was included implicitly in the study in addressing the state's anti-drug policies and in analyzing the dynamic state-society relationship. I have argued that to understand the state's relationship towards *brown areas* within their territory, the comprehension of local social structures is essential. The argument of this book has been that the interplay between local order and "the state" is an essential feature for the understanding of state formation. Thus, I provided a detailed analysis on the relationship between a local order, an illicit economy, and the state.

The first major finding is that even though the regions have developed in absence of effective state control and in relation to an illicit economy, they are not *opposed* to the state. I have not found evidence that in these areas local order has resulted in objection to the state but instead, I have shown that there exists a clear idea of what is expected from the state. This includes not only the expectations relating to the provision of goods and services, but also the *recognition* of local structures and practices by the state. In other words, the *idea* of the state (Bourdieu 1994) is well established, notwithstanding the deviations in rules or practices. This key finding implies that despite the weak presence of state institutions or services, the state remains a focal point. Focusing on this state idea in *brown spot* areas helps to understand potential repercussions of state integration of marginal areas in general – and in particular with a presence of illicit economies.

Secondly, the study has found that the marginal position of the regions allowed the evolution of an illicit economy which resulted in local practices and a particularity of local order. These particularities have been key aspects for the *alienation* of the regions from the state. The presence of an illicit economy then became a key factor for state intervention in these margins of the state, besides the fight against remnants of the guerrilla. In the case of Monzón, state intervention destroyed most of the illicit economy while in Llochegua and Santa Rosa, state intervention did not destroy the coca and illicit economy.[233] I have shown that the presence of an illicit economy affects the relationship to the state and that most of the distrust towards the state and state institutions is related to the illicit economy. In the VRAEM and in particular in Llochegua and Santa Rosa, state intervention is driven by the fight against Sendero Luminoso and drug trafficking. At the same time, there is a lack of social integration that encompasses dialogue with society, which I defined as crucial for building trust and legitimacy of the state. I have therefore argued that for the state formation process, acceptance from the local population is important. The observance and inclusion of local social preconditions, such as traditional rules and practices, is another important factor.

[233] However DEVIDA has mentioned that in 2018 eradication might become an option: https://elcomercio.pe/politica/probable-comience-erradicar-vraem-2018-noticia-467808

In this regard, it is important to note that the formation of the state and the integration of marginal areas is a process that interacts with the existent local order. The work has shown that the local order is broadly affected by the illicit economy, which needs to be considered for the analysis. Within these orders, people applied learned behavior and actors carried out "routine performances" which are labeled "illicit", but in fact resemble what Bourdieu (2001) calls "practices".[234] These practices are implemented in every day life and also structure it; they become important elements for the local society. In consequence, they are not perceived as morally wrong but as a necessity. Moreover, these (illicit) practices serve as a binding element for society and results not only in a territorial marginalization, but also in a *normative* marginalization of the regions from the state. Furthermore, I have analyzed how the implementation of state practices and the installation of state institutions, particularly in the security sector, creates a shock for local order. Low levels of trust are in part, a result of the absence of state order and the illicit economies. State practices are primarily perceived as an invasion of the region and are related to the loss of economic opportunity and changes in rule. At the same time, the state is also regarded as being duty bound to provide for the region. Hence, while the construction of state presence could be made relatively fast, the integration of the region and the acceptance of the state and state actors as legitimate is a long-term process. In order to fully integrate these marginal areas, the "idea" of the state needs to be assimilated into the thinking of the citizens (Bourdieu 1994).

Finally, previous to state interference, the regions formed alongside the coca and drug economy. Until recently, there was a lack of state integration which resulted in areas that developed their own rules and local order. As I have shown in the comparison of both regions, after the state intervention in Santa Rosa and Llochegua, the dependency on illicit economy still withholds further state integration. In Monzón, the former dependency on the coca economy influences perceptions of state even today which hampers the integration. The illicit economy and the resulting local order affect the state integration since it invokes further resistance from the local population. This makes it difficult for the state to strengthen its position, implement its practices, and increase the integration of these marginal regions. Even if the illicit economy is not the only factor, it is clearly the defining factor for local order in the cases I have presented in this thesis. By that, the illicit economy affects the state's potential for getting more involved in the region.

In consequence, the findings of this study present a profound dilemma for the state: Destroying the coca economy by force increases distrust among the population towards state actors. Leaving the illicit economy intact while at the same time creating pressure on the majority of the population because of

[234] See also Migdal (2001)

their economic basis remaining illicit, also results in high levels of skepticism and distrust. In both scenarios, the state remains an alien actor providing a hollow frame. And we might add a third aspect; the cooperation of the state with local powerful actors who might act as *brokers* for state influence, such as cocaleros. But this results in difficulties because of the opposing approaches towards coca production and hence is also not helpful for a deeper integration into the state. Nevertheless, the findings also point to a way out of the dilemma. As I have discussed, the local order and actors are not necessarily hostile to the state and the analysis has shown that there is a clear idea of the state and what it ought to do. Building on this knowledge and developing a coherent concept in connection with the existing local order instead of confronting it, will facilitate the state integration. Establishing a dialogical state-society relationship would enable the build of trust within the society and finally strengthen the state legitimacy within the regions.

9.2. Implications for Theory

The study has bridged various literature strands (sociology, state formation, illicit economies) which led to the conceptualization of the research topic. This hybrid theoretical stand put forward several contributions by connecting two broader topics in the analysis: illicit economies and marginal regions in the realm of state formation. I have proposed a conceptual framework that, in essence, deals with the social foundation of local order, analyzing the interplay between formal and informal, legal and illicit dynamics. Empirically, this work has provided the tools for analyzing order and power in the margins of the state based on core characteristics of local order (economy, security, rule, and power). I have applied these tools in the analysis of the two regions in Peru, and allow it to be replicated to other marginal regions (especially where there are illicit economies). Based on this conceptual framework, the study contributes to a wider literature on state formation, illicit economies, and on studies on stability in areas with low state control.

An initial contribution is related to the study on the state and state formation. I have argued that for being able to analyze the formation of states, one should analyze them *as they are and not how they ought to be*, which includes the broad internal variations depicted by local orders. The areas in focus are characterized by low state control, yet they became particularly interesting for the state over time because of the illicit economies that developed there and due to implications of international pressure. By highlighting how these illicit economies affect local order as well as the relationship to the state, this work has contributed to the discussion on how states interact with marginal regions which might

be replicated in other cases not only in Latin America[235], but also beyond in areas that show similar conditions for state formation today and/ or in the past. In many regions of Latin America, the state is unable (or unwilling) to provide for order, which results, for example, in brown spot areas (O'Donnell 1993). The book has shown how alternative structures evolved in those areas with low state involvement and influence, which was mainly driven by the internal conflict and the illicit economies. Local orders have developed in those areas, autonomous from the state but still in relation to it. This work adds new aspects to recent studies that highlight the importance of local power and stress the variances of power within states – particularly in recent studies on state formation in Latin America (Kurtz 2013; Soifer 2013; Vergara 2015). The findings further this discussion by highlighting the importance of an illicit economy in the evolution of local order in the margins of the state legal order.

As we have seen earlier, the state has limited implementation capacities of its policies in regions that have developed largely without its auspices. As Centeno et al. (2017) have recently argued, state performance "*requires the analysis of state capacity alongside political actors and social forces*". The need to include alternative social powers within the margins of the states to the analysis and recognize the relational aspects have already been analyzed (Migdal 2001). Once the state decides to engage in peripheral regions, it *has to* engage with alternative local orders too. This dialogical aspect is largely overlooked and I have provided an analysis that it has to be be taken into account for an evolved reading of state formation over areas of illicit economy. The overall state formation is thus influenced by local order and by the reaction of state actors to this economy. The empirical analysis of the coca regions in Peru has shown that the state has long neglected the coca regions, and it became more involved due to anti-insurgency operations and more importantly because of anti-drug policies. The interplay between marginality and the illicit economy became an important feature in these regions, especially in context of an increasing state intervention. The resulting dynamics go beyond the economic aspects, and I have developed a conceptual framework to analyze these dynamics.

Finally, this book has provided implications for studying statebuilding measures. The comprehension of local preconditions is essential for intervening in regions with low state control and for understanding the limitations of establishing a legitimate order. This is particularly true for the approach of a "domestic intervention" in peripheral state regions. Studies have already acknowledged the importance of state formation and local conditions in order to implement statebuilding measures (e. g. Schlichte 2005; Chandler 2006; Bliesemann de Guevarra and Kühn 2010; Bliesemann de Guevarra 2012). I have shown that the same holds true for "domestic interventions" in the state's territory, which gives an indication of how to analyze statebuilding in regions with prominent illicit economies.

[235] see also Eduardo Dargent discussing „the state" as a research agenda on the state in Latin America (Dargent 2012).

This feature should be considered, considering that most of the present statebuilding interventions take place in regions affected by illicit economies (Cockayne 2008; IPI 2013). In addition, this discussion is in line with studies on the institutional capacity of the Peruvian state (Awapara and Dargent 2014) that does not have capabilities of implementing rules and laws in its peripheries. The illicit economies that evolved in this regard include not only drugs, but also illegal mining and illegal logging and human trafficking in areas with low state control (e.g. Novak and Namihas 2009; Mujíca 2014; Dargent 2015; Dargent and Urteaga 2016). This divergence between capacities and expectations of the state has been presented in this book. I have presented the resulting order and the interaction with the state. In particular, the *recognition* of the state in marginal areas and the interaction with illicit economies represent a key finding.

In this line of study, the connection between security and statebuilding became even more prominent in recent years, as latest publications have highlighted (Bonacker et al. 2017). This has also been a dominating aspect in the areas analyzed as well as in discussions about illicit economies. The rationale of state intervention in the coca regions originates partly from the idea of providing security. By stating that the intervention saved the population from a "tierra de nadie", from disorder, goes in line with this rationale. In fact, this follows an idea of the state as "protection racket": the state raises security questions in the first place to present itself as the solution (Tilly 1985). The perception of the state as a legitimate actor that provides security is hindered however, by the fight against the illicit economy. This is because of the fact that the fight against the illicit economy also affects local power structures. Therefore, the local and historical conditions are crucial for the understanding of security, which goes in line with recent sociological and historical perspectives on securitization and statebuilding (Guzzini 2015; Bonacker et al. 2017).

The second bigger research strand is the burgeoning field of study on the effects of illicit economies or organized crime. This book builds on existing literature that contrary to common sense notions contends that illicit economies or organised crime can in fact, be a source of stability. I have shown how illicit economies in brown spot areas in a rural setting evolve and shape the structure of local order. Instead of being destructive, illicit economies can be a crucial factor in the construction of local order. This work has highlighted the need to understand the underlying causes of illicit economies and local order. The discourse about the influence of illicit economies was long dominated by a normative understanding of an illicit economy as being generally bad for society. Most of those studies followed the understanding of an ideal type state. This book has displayed that the discussion on Peru and the coca growing regions holds a stimulating contribution to this debate. The study has shown that in areas with low state control, alternative structures evolved and that the illicit economy facilitated this development for a long time before state intervention. With those aspects, I have argued that instead

of being corrosive to local order and undermining stability, illegal structures can indeed also be a contributor and guarantor for stability. These findings are supported by previous studies that highlight the relationship to violence (Andreas and Wallmann 2009; Snyder and Durand-Martínez 2009; Durand-Martinez 2014) or on criminal governance in urban settings (Arias 2006; 2017; Duncan 2013).

Another key aspect of illicit economies is that it is not solely about independent acts undertaken by single actors, but rather about structural changes within the society. Within an area lacking a clearly defined monopoly of violence and a centrally controlled bureaucratization, other structures evolve that take up these tasks. However, instead of merely concentrating on actors directly involved in illegal activities such as “mafias”, “cartels”, or traffickers, I have focused on order, the resulting structures, and how this is influenced by an illicit economy. This is not to say that criminal actors and criminal groups do not play a role or even result in being dominant ruling actors (Arias 2006, 2017; Duncan 2013). But, as I have stressed, broadening the conceptual frame helps to identify a broader range of patterns besides the focus on actors. The concentration on various aspects of order opens up analytical possibilities to include illicit economies in the broader discussion on state formation. Hence, this recognition moves away from an exclusive actor-oriented view, i.e. a certain actor being in charge and controlling a certain system, also highlighting the interrelations between different actors. For instance, a *pax mafiosa* could explain moments of agreements between illicit actors and the state, but it fails to account for changes in power structures and the dynamics within the particular local orders. The inclusion of not only actors but also externalities of illicit economies and its effect on local order provides more analytical depth and the possibility to analyze power structures and the dynamism within the particular local orders.

The focus of the study on drug production areas is the fourth contribution. By highlighting the particularities, I have presented a detailed analysis of the drug economy in the area. This analysis was helpful not only in assessing the effects on societies for Peru in particular, but can also be of use for further analysis in similar regions. Most studies on drug trafficking refer to macro-data on production sizes and the national or regional effects (e. g. Mejía and Restrepo 2013; Thoumi 2003, 2010). Few studies analyze the effect on the local level and most are written from an ethnographic angle (eg. van Dun 2009; Kernaghan 2009; Grissafi 2012). By focusing on the local level and by combining macro-data with first hand qualitative data gathered during field work, this work has been able to show the effects of an illicit coca economy on local societies and has highlighted the fact that these effects go beyond the economic sector. Furthermore, the presented analysis contributes to the scarce literature on the drug economy in Peru. In this regard, this book contributes to studies on the war on drugs. It stresses on the consequences that external demand had on local economies and the results of a balloon effect. This work has shown that the growing presence of state institutions does not necessarily lead to a

significant decrease in drug production. In fact, the experience of the VRAEM shows that the drug economy is still prominent despite increasing state intervention.

Summing up, the merging of the two debates on state formation and illicit economies has revealed broad implications and connections. By showing the dynamic effect on societies in brown areas and by highlighting the dialogical relationship with the state, I have presented that illicit economies affect local order due to social and institutional aspects that are commonly neglected. This in turn does not lead to an outright opposition to the state, but affects the dialogical process of integrating these areas as part of the state.

9.3 Implications for Policy and Practice

There are two broader fields of policy and practice that this book will contribute to and from which several implications can be drawn: discussions on (dis)order and state building measures as well as drug policies and alternative development.

This work has shown that state intervention can result in a shock for the local order. Statebuilding efforts should therefore proceed with sensitivity in areas with low state control and with a high prevalence of illicit economies. In some countries, illegal oil, drug, timber, and minerals revenues account for a big part of the economy – in some regions in the country, they account for even an essential part.[236] It should therefore be considered that illicit economies do not only have economic implications. They can influence local rules and, in some cases, the security sector as well. These aspects should be taken into account when applying statebuilding measures in areas with high levels of illicit economies already in the design phase of policies. Awareness on the influence of illicit economies on the political and national level is growing, but the sweeping influence of illicit economies on the local level should be considered as well. The intervention in regions that have long been at the margins of the state implies changes in local rule and norms. Therefore, a thorough analysis before intervention in drug production regions is necessary to anticipate such a shock. This implies the understanding of economic dependencies as well as power structures and the effects on local rule.[237] More emphasis should also be placed on the legal implications of state intervention. Regions in the margins developed traditional rules which need to be considered. Formal state rules are not

[236] For an estimation on the impact of illicit economies see Elgin and Oztunali (2012).

[237] A further aspect that can have an implication for policy is the effect of an illicit economy in and even more so after conflict. From these insights strategies towards these "war" or "post-war economies" can profit. More studies would be helpful that focus on the transition of war economies into peacetime Pugh et al. 2004. A current research project of Sabine Kurtenbach and Angelika Rettberg focusses on these aspects (https://www.giga-hamburg.de/de/projekt/war-economies-and-postwar-crime)

necessarily regarded as “correct” and formally punishable illegal acts are not necessarily regarded as “wrong”. The castigation of practices that formerly stayed unpunished has a wider impact on the state-society relationship. New rules are implemented that in earlier times, did not play a role and it should be considered how this affects the perception of the state. Moreover, the punishing of common (illegal) economic practices restricts local economic opportunities and lead to a demand driven relationship to the state. Following the maxim: “if the state destroys our crops, it should provide for viable alternatives.” It therefore puts pressure on the state. The integration of society and social leaders in the respective regions could anticipate these potential conflicts by understanding local structures better before intervention.

The second key contribution of this book in the field of policy is the aspect of local order and illicit economy. I have argued that we will gain from a more differentiated view on illicit economies, their effect on local order, and vice versa. I have further argued that we should rather focus on the externalities coming from illicit economies. Unlike the focus on potential threat, such a focus on externalities allows us to trace the effects on the local level and to highlight potential consequences of acting against these illicit economies and alternative structures. Only recently, Vanda Felbab-Brown and colleagues (2017) have published a book titled: “*Militants, Criminals, and Warlords. The Challenge of Local Governance in an Age of Disorder“.* The authors explore how non-state actors fill the gaps left by the state in areas with low state control. Contributions in this book also highlight potential threats and the urgency to counter them. I have argued that instead of focusing on potential negative effects such as violence or “disorder”, we should focus on a relational aspect of the state and alternative local orders. In other words, we should acknowledge local preconditions and include them into a thorough analysis instead of applying foreign (“western”) templates on local circumstances. Moreover, acknowledging existing local order and the various forms they affect, helps in designing and implementing more fine-grained policies.

Additionally, this book has provided insights for analyzing the potential effects on the local level and has linked it back to the debate on the state. I have shown that an illicit economy can have broader effects on the local order that should be taken into account when analyzing the outcomes of an illicit economy. The influence of illicit economies and organized crime on cities or states is increasingly discussed on the policy level (Kemp and Shaw 2012; Cockayne and Roth 2017). However, the growing recognition of the influence of these phenomena should not lead to rash conclusions on their potentially harmful consequences. A thorough analysis on this matter is essential for presenting tailored approaches in dealing with illicit economies and for preventing ill-conceived policy advice and government action. For instance, these economies often provide primary income to a large number of the population and not just to singular criminals or “drug cartels” or other criminal networks. I have

argued that we should use another lens for studying illegal economies and instead of focusing on the damaging potential we can gain by including the "productive" side of illicit economies as well.

In terms of anti-drug policies, three aspects are important: the recognition of local order, "de-demonize" of drug producing regions, and long-term commitment of the state. Peru seeks to implement the international principle of *alternative development*. The results of this study indicate that the illicit economy preserved not only economic outcome, but also alternative social structures. This implies that in the process of implementing alternative development approaches, the state needs to have this social and political structure in mind; including the involvement of local actors. Otherwise it might risk not only economic but also greater social problems in the respective regions. The inclusion of local authorities in the development process is crucial in this regard and also the recognition of local historical and social preconditions. This includes not only improvements in economic aspects and alternatives to the coca business, but also infrastructural and education as well as a close communication with local authorities. These are all aspects which are subsumed under the aspect of alternative development, but should also be implemented in praxis. This work has shown the impact of illicit economies on local order and the relationship to the central state. Keeping these aspects in mind should lead to an integrated development strategy, considering historical and social circumstances. An integrated approach should also aim for a participatory process for the local population. This cooperation with the population should start before illegal crops are destroyed and should include strategies for economic and social development. Otherwise the exclusion of the population from the process might undermine state efforts for alternative development and might provoke resistance and mistrust.

In line with this aspect goes the "de-demonize" of the regions and actors in these areas. While this aspect is mainly transported via national media, state institutions can take an active role in highlighting opportunities instead of the difficulties and threats that are to be found in the region. An interesting approach can be seen in Bolivia, where the government of Evo Morales has implemented a cooperative strategy with regard to coca and cocaleros, while at the same time using restrictive measures against drug trafficking and organized crime (Ledebour and Youngers 2013). Cocaleros should be included as strategic partners and not as opponents to or mere beneficiaries of the state. Without the destruction of livelihoods and the risk for violent encounters, the development of a joint strategy might lead to a sustainable change in the illicit economy. Such a joint strategy and rather a promotion than demonization of the drug production area can help trigger investments, which in turn help to foster alternative development.

Finally, alternative development programs are long term endeavors. The often-praised successful instances of alternative development, for example, Thailand and its efforts to reduce opium production (Windle 2016; Felbab-Brown 2017), often show a long-term commitment to the process of alternative development. This commitment is vital to implement not only economic alternatives but also to create sustainable institutions in regions that have been at the margins of state control for a long time. This analysis has demonstrated that alternative products, such as coffee or cacao, need at least four to five years to produce sufficient outcome for farmers. In this regard, I have argued that a long-term commitment is essential for the success of alternative development programs, which should include training peasants and also improvements in infrastructure and the access to markets.

A final comment must be made on the international implications of anti-drug policies. The international prohibition regime does have an impact on local traditional coca farming and on the discourse on coca. In recent years, a change in discourse can be observed. In particular, countries most affected by the negative consequences of the illicit economies are involved in this change of discourse (Mexico, Colombia and Guatemala in particular). The drug economy is a global phenomenon, and cannot be attributed to just a single country. UNODC estimated the absolute number of cocaine users worldwide to be 18 million people in 2014 (UNODC 2016). Thus, the global drug economy includes producing countries, such as the Andean countries of Colombia, Peru, and Bolivia for cocaine, and it also includes consuming countries such as the USA. As long as demand and potential earnings are high due to a prohibition regime, production and consequences will be high as well.

9.4 Outlook and Future Research

The study has highlighted aspects of local order, including further facets on power relations, security, rule, and economic implications. By contributing to a deeper understanding of illicit economies in the margins of the state, this research paves the way for further research in the areas of illicit economies and state formation. In this book, I have highlighted various aspects that could give an indication for future research.

Discussions of illegality or illicit economies are often led by the assumption of a state that coherently controls its territory and where local laws meet acceptance and legitimacy from the population. These assumptions are only seldom met empirically. As this analysis has shown, in many regions, formal state rules are not implemented. So far, we have a rudimentary understanding of the relation between formal and informal rules and institutions (Helmke and Levitsky 2006) and more research is needed to enhance our knowledge on this matter. Getting a more nuanced understanding on non-state institutions will be key for future analysis of local order.

As the analysis has shown, alternative orders can have severe consequences for power accumulation of local actors and relations with the state. In those areas, the illicit economies become more than just a financial basis. They do become a defining factor in the *processoral* creation of local order. The evolution of alternative orders can be seen in other regions without illicit economies as well, but it is precisely the areas where political and economic relations are very close, that are mostly affected by different rule and where order is produced. The aspects on power and local rule have been discussed before, particularly in their use of violence (e. g. Kalyvas 2006; Schlichte 2009). But more research is needed on the relationship of non-violent forms of legitimate rule driven by the presence of an illicit economy. An interesting field for further research would be to further investigate the role of an illicit economy and how it interacts with other forms of rule setting and rule implementation. In this study, I have presented the role of illicit economies in local order and the relationship to the state. Future analysis can learn from studies on the use of violence (Kalyvas 2006), or the role of rebels (Arjona 2016) and criminal actors (Arias 2006, 2017) for local governance. An important recent contribution was by Beckert and Dewey (2017) on the role of illegal markets. The results of these studies can provide an indication for future research that steers away from the destructionist towards a more productive understanding of illicit economies. A better understanding of the externalities of illicit activities on society will give us a better comprehension of the effects on order and the interrelation to the state.

While I have highlighted the important aspect of how illicit economies in the coca growing regions have repercussions on the "overall" local order, it would be interesting to see how these economies play out in different social groups within the society. A bigger group that comes to mind is the affected youth. There was no opportunity to include the youth as a specific group in this study. Nevertheless, I have highlighted some indications that suggest how youth is affected by the presence of an illicit economy in the margins of the state (peer pressure, economic attraction, lack of opportunities, education). The focus on youth would be an important aspect for future research, as young people are perceived to be promoters of change.[238]

In my analysis, I was able to show how illicit economies in fact, created a particular field of power and how capital are distributed within this field. Bourdieu's understanding of the fields of power gives us a nuanced understanding on the powers of and within the state. The focus on the relational aspects of power relations has proved to be an enriching feature in the analysis of illicit economies. A consequential following study would be to focus on the *habitus (Bourdieu 1984)*. How does an environment that is dominated by the illicit economy and where informal rules are more prevalent

[238] A research project on youth in postwar societies analized difficulties of youth for the transition to adulthood in challenging structural environments (https://www.giga-hamburg.de/de/project/against-all-odds-youth-in-postwar-societies)

than formal state rules, reflects on the internalized *practices* of a person? And how do these practices change in case of state intervention? This can be an insightful approach for focus in future research to deepen our understanding of the influence of illicit economies.

Finally, regions of alternative order are not reduced to rural environments. In fast growing urban settings, state control is often rather low, which opens up the possibility for illicit economies to thrive. Particularly in Latin America, research has increased in recent years (e. g. Muggah and Vilalta 2014; Arias 2017). A comparison between similarities and differences in urban and rural environment can lead to a more holistic picture on the influence of illicit economies. Results can also lead to a more tailored approach to drug trafficking and in the elaboration of alternative development programs. All of these aspects are closely related to the research on the state in combination with sub-national and national aspects. More research is needed in this regard to understand the complex interplay not only between illicit economies and the state, but also on the relationship of the state and marginal areas. This can lead us to a more tailored analysis of the state and the effects of illicit economies.

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Annex

Annex I Questionnaire

Año y lugar de nacimiento (Distrito y centro poblado)	
Lugar de vivencia (¿hace cuándo?)	
Genero	Masculino ☐ Femenino ☐

GI1	¿Vives con tu familia?	Sí ☐ No ☐
GI2	¿Tienes hijos?	Sí ☐ No ☐
GI3	Si te gustaría tener hijos ¿cuáles serían los obstáculos con los que te enfrentarías?	Situación económica ☐ No encontró la pareja correcta ☐ No tiempo ☐ Otro ☐_____
GI4	En tu comunidad ¿cuáles son los **tres problemas más grandes**?	
GI5	En tu comunidad ¿quiénes percibes como **modelo/ como bien ejemplo**? *(como buena persona, económicamente, justa etc….)*	_____
GI6	¿Donde trabaja esta persona?	Estado ☐ Comunidad civil ☐ Organizaciones Religiosas ☐ ONG´s ☐ Otras ☐
GI7	En tu comunidad **¿en quiénes confías más cuando tienes problemas?** *(por ejemplo cuando alguien robó algo)*	
GI8	¿Todavía asistes a la escuela / universidad?	Sí ☐ No ☐
GI9	¿**Cuantos años de estudios** tienes? (incluyendo la primaria)	
EI2	¿A que te dedicas? *Por ejemplo agricultura, construcción, etc…)*	_____ No Trabajo ☐
EI1	¿Por cuánto tiempo trabajas?	Tiempo completo ☐ Parcialmente ☐
EI3	¿Donde trabajas?	Negocio familiar ☐ Empresa ☐ Sector publico ☐ Negocio propio ☐
EI5	¿A que te dedicaste hace cinco años?	_____

EI4	El salario que recibes ¿Le permite cubrir satisfactoriamente sus necesidades?	Les alcanza bien, pueden ahorrar ☐ Les alcanza justo, sin grandes dificultades☐ No les alcanza, tienen dificultades☐ No les alcanza, tienen grandes dificultades ☐
PI1	¿Estás **interesado en temas política**s?	Muy interesado ☐ Algo interesado ☐ Poco interesado ☐ Nada interesado ☐
PI2	Sin tomar en cuenta tu edad, ¿participaste/hubieras participado en las **últimas elecciones locales**?	Sí ☐ No ☐
PI3	Si tu respuesta es no, **¿por qué no?**	No tuve tiempo ☐ No tengo confianza en políticos ☐ Otras razones ☐ _____
PI4	¿Vas a Participar/ participarías en las **próximas elecciones nacionales**?	Sí ☐ No ☐
PI5	Si tu respuesta es no, ¿**por qué no?**	_____
NC	¿De las siguientes características cuáles son las **dos más importantes** para un líder de la comunidad?	*Sinceridad* ☐ *Fuerza* ☐ *Económico potente* ☐ *exitoso laboral* ☐ *Sapiencia/ conocimiento*☐ *Madurez* ☐ *Autoridad* ☐ *soporte de la comunidad* ☐ *Confiable* ☐ *Cuidoso/ compasivo* ☐ Otro _____
NC2	Estás de acuerdo con lo siguiente frase: ¿Los líderes políticos **cumplen sus promesas?**	Sí ☐ No ☐ No sé☐
GC	Cuáles son las **temas más discutido** en su comunidad? (menciona las tres temas más importantes)	
GC/ AAL1	¿Quien tendría que ocuparse con estos temas?	
AA1	¿Quien piensas tu es **lo más poderoso en tu comunidad?** (nombre y posición) ¿Porque es poderoso?	_____ _____
AAL3	En tu opinión ¿Cuáles son **los tres reglas** más importantes en tu comunidad? (*por ejemplo: ser honesto, no roba etc.*)	
AA2	Por favor, mire a la lista en la derecha y marca (cruza numero), para cada uno de los grupos, instituciones o personas de la lista **¿cuánta confianza tiene usted en ellas?:** mucha (1), algo (2), poca (3) o ninguna (4) confianza en...?	*Mucha Algo Poca Ninguna* ***A*** *Las Fuerzas Armadas/ Ejercito* *1 ☐ 2 ☐ 3☐ 4☐* ***B*** *La policía* *1 ☐ 2 ☐ 3☐ 4☐* ***C*** *Los Autodefensas* *1 ☐ 2 ☐ 3☐ 4☐* ***D*** *Los medios de comunicación* *1 ☐ 2 ☐ 3☐ 4☐* ***E*** *El poder judicial* *1 ☐ 2 ☐ 3☐ 4☐* ***F*** *La Iglesia* *1 ☐ 2 ☐ 3☐ 4☐* ***G*** *Estado* *1 ☐ 2 ☐ 3☐ 4☐* ***H*** *Sus miembros familiares* *1 ☐ 2 ☐ 3☐ 4☐* ***I*** *Sus vecinos* *1 ☐ 2 ☐ 3☐ 4☐*

AA3	Por favor indica en **cuanto el estado debería ocuparse con los siguientes puntos**. Marca en la escala: mucho (1), algo (2), poco (3) o ninguna (4)		*Mucha*	*Algo*	*Poca* *Ninguna*
		***A** Mejorar calles*	*1 ☐*	*2 ☐*	*3☐* *4☐*
		***B** Agua*	*1 ☐*	*2 ☐*	*3☐* *4☐*
		***C** Luz*	*1 ☐*	*2 ☐*	*3☐* *4☐*
		***D** Crear Trabajo*	*1 ☐*	*2 ☐*	*3☐* *4☐*
		***E** Salud*	*1 ☐*	*2 ☐*	*3☐* *4☐*
		***F** Seguridad*	*1 ☐*	*2 ☐*	*3☐* *4☐*
		***G** Oportunidades para recreación*	*1 ☐*	*2 ☐*	*3☐* *4☐*
AL3	¿Está de acuerdo con la siguiente frase?: Los autoridades **respetan las reglas de la sociedad**.		Sí ☐	No ☐	No sé ☐
AC1	¿Estas contento/ con las autoridades de tu comunidad? ¿**Por qué no/ sí**?		Sí ☐	No ☐	No sé ☐ _____
AJ1	Te **sientas representado/a** de los actores más importantes de tu comunidad		Sí ☐	No ☐	No sé ☐

Evaluando la situación en tu comunidad

Por favor indica cómo percibes los siguientes indicadores en tu comunidad en una escala del 1 al 4. 1= mala; 2= moderada; 3= buena; 4= excelente

		Mala	*Moderada*	*Buena*	*Excelente*
SC1	Servicios policiales	1☐	2 ☐	3☐	4 ☐
SC2	Servicio educativo	1☐	2 ☐	3☐	4 ☐
SC3	Servicios de salud (por ej. *hospitales, medicos*)	1☐	2 ☐	3☐	4 ☐
SC4	Servicios sociales *(por ej. ayuda familiar)*	1☐	2 ☐	3☐	4 ☐
SC5	Bienestar económico *(Por ej. trabajo)*	1☐	2 ☐	3☐	4 ☐
SC6	Seguridad	1☐	2 ☐	3☐	4 ☐

SC7	¿Qué grande es el abuso de sustancias *(drogas)* en tu comunidad?	Muchísimo ☐ Mucho ☐ Poco ☐ No hay ☐ No sé ☐
SC8	¿Tú o alguien que conoces tenía que pagar o dar un presente a un oficial (policía, servicio público) en los últimos 12 meses?	Sí ☐ cuantas veces _____ No ☐ Yo no pero un amigo ☐ Yo no pero un miembro familiar ☐ No sé ☐
SC9	¿Porque tenía que pagar?	Impedir castigos ☐ Impedir pagamiento de una multa ☐ Acelerar cosas ☐ No razón especifico – para quedarse en buena relación ☐ Otro ☐ por favor precisa_____
ALP2	Por favor indica como la situación en tu comunidad ha cambiado cinco años.	Ha mejorado mucho ☐ Ha mejorado un poco ☐ No ha mejorado ☐ Es peor como antes ☐
AJP3	¿Quien esta responsable para mejorar infraestructura y servicios en tu comunidad?	Estado ☐ Comunidad civil ☐ Organizaciones Religiosas ☐ ONG´s ☐ Otras ☐ _____
AJP4	¿Que deberían los autoridades más importantes proveer/ hacer para la comunidad?	_____
SA1	¿Caminas por la comunidad en la noche cuando no hay luz? ¿Te sientas seguro/a en tu comunidad?	Sí ☐ No ☐

		Sí ☐ No ☐
SA2	¿Has sido o algún pariente (familia) **asaltado, agredido, o víctima de un delito** en los últimos doce meses?	Sí ☐ No ☐ No sé ☐
SA3	¿Fue un delito con violencia o sin violencia?	Con violencia ☐ Sin violencia ☐
SA4	¿**A quién acudes/ recurres** si experimentas alguna forma de violencia?	Policía ☐ Familia ☐ Amigos ☐ Líderes de la Comunidad ☐ • ¿Cual?_____ Otros_____
SA5	¿A quién **nunca acudirás**/ recurrías si experimentas alguna forma de violencia?	Policía ☐ Familia ☐ Amigos ☐ Líderes de la Comunidad ☐ Otros_____
AC4	¿Crees que **tú puedes cambiar**/ **mejorar** algo en tu comunidad?	Sí ☐ No ☐ No sé ☐
AC5	¿Si tu respuesta es sí, en qué manera podrías cambiar algo?	

GI: General Information, E: Education, PI: Political Interest, NC: Rules Community T: Trust; AA: Actor Assessment, AL: Actor Legality; AJ: Actor Justification; AC: Actor Consent; GP: General Perception; P: Probe

Annex II nterview Topic Guide

General Context
Como se siente en la comunidad?
Me podría describir su situación personal y su rol en la comunidad?
Por favor describa brevemente los desafíos o problemas más grandes en esta región (Economia, seguridad, orden social etc.)
Cuales son los temas mas discutidas en tu comunidad
Cuales fueron los cambios más importantes en los últimos diez años?
Que influencia tiene el narcotrafico aquí?
Usted tenía problemas con narcotraficantes?
Conoce alguien que tenía problemas con ellos?
Security
Hay conflictos en la comunidad?
Hay violencia común (corporal) en la comunidad? Por ejemplo: violencia en la calle, escuela etc.
Por favor, me puede contar de la ultima incidencia – (Que pasó? Cuando y que hiciste?)
- como estuve la reacción personal/ de la comunidad?
Como ha cambiado la situacion con la violencia in comparación a diez/ cinco años?
Porque crees hay mucha/ poca violencia?
Hay más violencia ahora que antes? (cinco años)
Sales en la noche cuando no hay luz?
En que sector estas trabajando?
Quien da seguridad economica?
Rule
En tu opinión cuales son las valores, normas más aceptadas en su comunidad?
Quien define estas normas reglas?
Quien lo controla las reglas?
Tu estas siguiendo los leyes los normas del estado o de otra autoridad?
Security
Como define usted seguridad?
Come percibes la seguridad en la comunidad?
A quien confíes más en tu comunidad cuando tienes problemas familiares?
Con quien hablarías cuando haya violencia? - Cuando tienes problemas económicas
Como resolveron los problemas?
Como piensan los personas de la comunidad sobre estado?

Cuales son las instituciones importantes aca? Que rol tiene el estado y como ha cambiado? Las autoridades estan siguiendo los tan normas y leyes del Estado?
Power
En su opinión, quien es lo mas poderoso en el nivel local? - Porque tienen influencia? - Cual es su posición? - A que se dedica? Las personas mas importantes tienen algo que ver con la coca/ el narcotráfico? Tienes confianza en estos grupos? Porque si? Porque no? Hay otros actores influénciales que son importante? - Que rol tienen? Porque son poderosos? Estos actores, como entraron a estar poderosos? Cuando llegaron a ser poderosos? Los actores mas importantes tienen soporte de la comunidad?
Perception of the State
Quien construye infraestructura? (casa, 307ías, electricidad, agua y desague…)
En su opinión: estos actores están haciendo un buen trabajo? Que podrian mejorar?
Que debería el Estado hacer?
Tienes confianza en el Estado? Y sus actores?
Porque pagas impuestos?
Si piensas sobre los proximos diez años, como debería cambiar tu comunidad?

Annex II List of Questionnaire Participants

Lable	Date of birth (year)	Place of birth	Current residence	Gender
Cu1	1991	Apurimac	Cumunpiari	f
Cu2	1998	Marintari	Cumunpiari	f
Cu3	1967	Huanta	Cumunpiari	f
Cu4	1980	Cumunpiari	Cumunpiari	m
Cu5	1988	San Miguel	Cumunpiari	m
Cu6	1983	Huanta	Cumunpiari	m
Cu7	1991	San Miguel Cumunpiari	Cumunpiari	f
Cu8	1995	Cumunpiari	Cumunpiari	m
Cu9	1988	San Miguel - La Mar	Cumunpiari	f
Cu10	1979	Sachabamba	Cumunpiari	m
Cu11	1952	San Miguel La Mar	Cumunpiari	m
HU1	1969	Tarapoto (San Martin)	Huipoca	f
HU3	1964	Iquitos	Huipoca	f
HU4	1951	Tingo María (Huanuco)	Huipoca	m
HU5	1951	Huánuco	Huipoca	m
HU6	1976	Tingo María (Huanuco)	Huipoca	m
HU7	1977	Huánuco	Huipoca	f
HU8	1986	Huanuco	Huipoca	m
HU9	1970	Huanuco	Huipoca	f
HU10	1971	Tingo María	Huipoca	m
HU11	1971	Ancash	Huipoca	m
HU12	1991	Aguaytia	Huipoca	m
HU13	1986	Tingo Maria	Huipoca	m
HU14	1968	Requena - Loreto	Huipoca	m
HU15	1958	Ayacucho	Huipoca	f
HU16	1966	Huancayo	Huipoca	f
HU17	1990	Puccalpa	Huipoca	m
HU18	1977	Huancayo	Huipoca	m
HU19	1977	Huipoca	Huipoca	f
Ll1	1992	Llochegua	Llochegua	m
Ll2	1996	Pucalpa	Llochegua	f
Ll3	n.a.	Huanta	Llochegua	m
Ll4	1966	Huanta	Llochegua	m
Ll5	1988	Llochegua	Llochegua	m
Ll6	1970	Chibolito - Cajamarca	Llochegua	m
Ll7	1985	Quinoa - Ayacucho	Llochegua	m
Ll8	1966	Huanta - Santa Ana	Llochegua	f
Ll9	1970	Nuevo progreso	Llochegua	m
Ll10	1996	Llochegua	Llochegua	f
Ll11	1994	Llochegua	Llochegua	m

Ll12	1972	Huancavelica	Llochegua	f
Ll13	1986	Huanta	Llochegua	f
Ll14	1982	Lima	Llochegua	m
Ll15	1974	Pampas	Llochegua	m
Ll16	1977	Llochegua	Llochegua	f
Ll17	1972	Chungui	Llochegua	m
Ll18	1995	Llochegua	Llochegua	f
Ll19	1950	Huanta	Llochegua	m
Ll20	1963	Huanta	Llochegua	m
Ll21	1992	Llochegua	Llochegua	f
Ll22	1970	Huanuco	Llochegua	m
Ll23	1990	Llochegua	Llochegua	f
Ll24	1992	Llochegua	Llochegua	f
Ll25	1975	Huanta	Llochegua	m
Mo1	1970	Llata Humalies	Monzón	m
MO2	1977	Monzón	Monzón	m
Mo3	1970	Monzón	Monzón	m
Mo4	1959	Monzón	Monzón	f
Mo5	1958	Monzón	Monzón	m
Mo6	1982	Huanuco	Monzón	m
Mo7	1961	Huanuco	Monzón	f
Mo8	n.a.	Monzón	Monzón	n.a.
Mo9	1984	Tantma	Monzón	f
Mo10	1985	Monzón	Monzón	m
Mo11	1999	Monzón	Monzón	m
Mo12	1980	Monzon	Monzón	m
Mo13	1983	Monzón	Monzón	m
Mo14	1964	Monzón	Monzón	f
Mo15	1974	Huancayo	Monzón	f
Mo16	1989	Monzón	Monzón	f
Mo17	1985	Monzón	Monzón	m
Mo18	1950	Lima	Monzón	f
Mo19	1963	Tasso Grande - Monzón	Monzón	m
Mo20	1974	Huanuco	Monzón	m
SSJ1	1989	Tingo Maria	Subde San Jorge	f
SSJ2	1966	Pacmitea	Subde San Jorge	m
SSJ3	1986	Rupa Rupa	Subde San Jorge	f
SSJ4	1991	Tingo Maria	Subde San Jorge	m
SSJ5	1991	Prate Piedra	Subde San Jorge	f
SSJ6	1972	Huánuco	Subde San Jorge	f
SSJ7	1958	Capitán Arellano	Subde San Jorge	m
SSJ8	1971	Huánuco	Subde San Jorge	m
SSJ9	1984	Huanuco	Subde San Jorge	m

SSJ10	1962	Panau	Subde San Jorge	m
SSJ11	1972	Subde San Jorge	Subde San Jorge	m
SSJ12	1972	Pachitea	Subde San Jorge	m
SSJ13	1952	Huanuco	Subde San Jorge	m
SSJ14	1983	Subde San Jorge	Subde San Jorge	f
SSJ15	1973	Emilio Baldizan	Subde San Jorge	m
StR1	1978	San Miguel	Santa Rosa	m
StR2	1973	Santa Rosa	Santa Rosa	m
StR3	1952	lima	Santa Rosa	m
StR4	1971	Santa Rosa	Santa Rosa	m
StR5	1970	Tambo	Santa Rosa	m
StR6	1960	San Miguel	Santa Rosa	f
StR7	1969	San Francisco	Santa Rosa	f
StR8	1993	huanta	Santa Rosa	m
StR9	n.a.	Santa Rosa	Santa Rosa	m
StR10	1990	n.a.	n.a.	m
StR11	1959	Huanta	Santa Rosa	m
StR12	1991	Santa Rosa	Santa Rosa	f
StR13	1986	Iquitos	Santa Rosa	m
StR14	1984	San Miguel	Santa Rosa	f
StR15	1982	Sivia	Santa Rosa	f
StR16	1995	Santa Rosa	Santa Rosa	f
StR17	1986	Anco y Agua Dulce	Santa Rosa	f
StR18	1977	Sant José Santuar	Santa Rosa	m
StR19	n.a.	n.a.	Santa Rosa	n.a.
StR20	1970	Ayna	Santa Rosa	m
StR21	1965	San Miguel	Santa Rosa	m
StR22	1970	Ances San Luis	Santa Rosa	m
StR23	1974	Santa Rosa	Santa Rosa	m
StR24	1973	Callao	Santa Rosa	f
StR25	1997	Santa Rosa	Santa Rosa	f
StR26	1994	Santa Rosa	Santa Rosa	f
StR27	1988	Ayacucho	Santa Rosa	m
StR28	1978	Santa Rosa	Santa Rosa	m
StR29	1975	Ayacucho	Santa Rosa	m

Annex IV List of Interviews

Interviewcode	Date	Position	"Local Authority"	Male/ Female	Place
Agmunmf	09.02.2015	Municipality worker		F/M	Aguaytia
Agongm	15.02.2016	NGO		M	Aguaytia
Agudedum	11.12.2015	Director Primary School		M	Huipoca
Agupolcm	10.12.2015	Police Station Chief		M	Aguaytia
Ahvcadp	10.06.2017	Ex-president Autodefensa	x	M	Tingo Maria
Ayatax	03.03.2017	Taxi Driver		M	Lima
Conpanp	09.03.2016	President CONPACP	x	M	Ayacucho
Cumalm	09.01.2016	Mayor	x	M	Cumunpiari
Devom1	16.11.2016	DEVIDA Official		M	Lima
Devof2m	05.11.2015	Employee DEVIDA		F	Lima
Devof3m	16112015	Devida Official		M	Lima
Devof4m	02.06.2017	DEVIDA Coordinator		M	Tingo Maria
expdro1	22.03.2017	Journalist		M	Lima
expdro2	27.03.2017	Journalist		M	Lima
Expinfo	13.11.2015	Consultant		M	Lima
Expjougm	12.11.2015	Journalist		M	Lima
Hualm	11.12.2015	Mayor	x	M	Huipoca
Hugobm	12.12.2015	Gobernador	x	M	Huipoca
Hugobm	13.12.2015	Gobernador	x	M	Huipoca
Hugobtenm	12.12.2015	Teniente Gobernador	x	M	Huipoca
Huipoca	13.12.2015	Juez de Paz		F	Huipoca
Hujuezf	12.12.2015	Juez de Paz	x	F	Huipoca
Hutaxm	12.12.2015	Taxi Driver		M	Huipoca
Hutaxm1	12.12.2015	Taxi Driver		M	Huipoca
Liconsm	13.12.2015	Security Consultant		M	Lima
Lijourm	12.11.2015	Investigative Journalist		M	Lima
Lijourm2	27.03.2017	Investigative Journalist		M	Lima
Lisciem1	09.11.2015	Researcher		M	Lima
Llauexp	25.01.2016	Ex-President Autodefensa	x	M	Llochegua
Lledujoum	12.01.2016	Teacher and Journalist		M	Llochegua
Llexalm	13.01.2016	Ex-Mayor, Founder of Village	x	M	Llochegua
Llexp2	14.01.2016	Ex-President Autodefensa	x	M	Llochegua
Llexprofm	13.05.2017	Shop Owner, Ex-Teacher		M	Llochegua
Llfepm	14.01.2016	Ex-Alcalde, FEPAVRAEM	x	M	Llochegua
Llgobm	10.01.2016	Gobernador	x	M	Llochegua
Lljuezm	14.01.2016	Juez de Paz	x	M	Llochegua
Llmaaup	26.01.2016	Presidente Autodefensas	x	M	Llochegua
Llmunm1	11.01.2016	Municipalidad	x	M	Llochegua
Llpolcm	14.01.2016	Police Station Chief		M	Llochegua
Llpop2	11.01.2016	Comunity Member		M	Llochegua
Llpopcm	12.01.2016	Mecanic		M	Llochegua
Llpopm	11.01.2016	Transportista		M	Llochegua
Llpopm1	10.01.2016	Cocalero		M	Llochegua

Llpopm2	10.10.2016	Cocalero		M	Llochegua
Llpopulcar	11.01.2016	Community Member		M	Llochegua/ Sivia
Llprofm	12.01.2016	Teacher		M	Llochegua
Lltienf	10.01.2016	Shop Owner		F	Llochegua
Lltram	12.01.2016	Narcotraficante		M	Llochegua
Monalm	31.05.2017	Mayor Monzón		M	Monzón
Monaup	22.11.2015	President Autodefensa	x	M	Monzón
Moncacm	19.02.2016	Cacaotero		M	Monzón
Moncafm	31.05.2017	Cafetalero		M	Monzón
Moncam1	01.12.2015	ENACO		M	Monzón
Moncamcm	22.11.2015	Cafetalero		M	Monzón
Moncamm1	26.11.2015	Campesino	x	M	Monzón
Moncamm2	26.11.2015	Campesino		M	Monzón
Moncoclm	23.11.2015	Cocalero Líder		M	Monzón
Mondedum2	01.12.2015	Director School		M	Monzón
Mondev1	26.11.2015	DEVIDA Coordinator	x	M	Monzón
Mondevf1	19.02.2016	Devida Employee		F	Monzón
Mondevm	02.06.2017	Employee DEVIDA		M	Monzón
Moneduf1	30.11.2015	Coordinator Education		F	Monzón
Monedum1	01.12.2015	Teacher		M	Monzón
Monenm1	10.12.2015	ENACO		M	Monzón
Monexgobm	04.12.2015	Ex-gobernador	x	M	Monzón
Monexgobm2	22.11.2015	Ex-gobernador	x	M	Monzón
Mongobcm	12.02.2016	Gobernador	x	M	Monzón/Cachicoto
Monjourm	30.05.2017	Journalist		M	Monzón
Monjuezm	22.11.2015	Juez de Paz	x	M	Monzón
Monlocp1	22.11.2015	Comunity Member	x	M	Monzón
Monm1	22.11.2015	Autodefensa	x	M	Monzón
Monmunm1	22.11.2015	Municipalidad "Chief of Staff"		M	Monzón
Monmunregm	30.11.2015	Regidor		M	Monzón
Monongf	23.11.2015	ONG		F	Monzón
Monongm1	21.11.2015	ONG		M	Monzón
Monpol1	22.11.2015	Police		M	Monzón
Monresm1	30.11.2015	Restaurant Owner		M	Monzón
Montienf	29.11.2015	Shop Owner		F	Monzón
Montienm2	22.12.2015	Shop Owner/ Ex-Bar Owner		M	Monzón
Monunm1	09.12.2015	UN-Staaf		M	Monzón
Palmpoldim	22.01.2016	Police Dinandro		M	VRAEM/ Palmapampa
Provraf	14.01.2016	Employee Provraem		F	Llochegua
Sivmunm1	26.01.2016	Municipalidad, Journalist		M	Sivia
Sroalm	20.01.2016	Mayor Santa Rosa	x	M	Santa Rosa
Sroauexp	22.01.2016	Ex-President Autodefensa		M	Santa Rosa
Sroaulm	07.03.2016	Autodefensa	x	M	Santa Rosa
Sroaupm	16.01.2016	Presidente Autodefensas	x	M	Santa Rosa
Srococ	07.03.2016	Cocalero		M	Santa Rosa
Sroexalm	10.01.2016	Ex-Mayor		M	Santa Rosa

Sroexalm	16.05.2017	Ex-Mayor	x	M	Santa Rosa
Srogobm	15.01.2016	Gobernador	x	M	Santa Rosa
Srojuezm	08.01.2016	Juez de Paz	x	M	Santa Rosa
Srojuezm2	15.05.2017	Juez de Paz		M	Santa Rosa
Sropolj	14.05.2017	Policia Santa Rosa		M	Santa Rosa
Sropop	22.01.2016	Comunity Member		M	Santa Rosa
Sropop2	08.03.2016	Comunity Member		M	Santa Rosa
Sropop3	09.03.2016	Comunity Member		F	Santa Rosa
Sroprofm	16.05.2017	Ex-Teacher		M	Santa Rosa
Sroresf	14.05.2017	Restaurant owner, Coca farm owner		F	Santa Rosa
Sroresm	08.03.2016	Restaurant owner, Coca farm owner	x	M	Santa Rosa
Sroserp	15.03.2016	Presidente Serenazgo Santa Rosa		M	Santa Rosa
Srotram	22.01.2016	Narcotraficante		M	Santa Rosa
Srotram2	20.01.2016	Ex-Narcotraficante		M	Santa Rosa
Srotram3	16.01.2016	Narcotraficante		M	Santa Rosa
Ssjgobf	16.12.2015	Gobernador	X	F	Subde de San Jorge
Strexal	19.02.2016	Ex-Juez de Paz	x	M	Monzón
Ticoc	20.11.2015	Cocalero Líder		M	Tingo Maria
Tihotm1	15.12.2015	Hotel Owner		M	Tingo Maria
Tijourm	15.12.2015	Investigative Journalist		M	Tingo Maria
Tinexpaum	01.06.2017	Presidente Autodefensas		M	Alto Huallaga
Tinjourm	01.06.2017	Journalist		M	Tingo Maria
Vracocl	09.03.2016	Lider Cocalero	x	M	Ayacucho
Vradevj	01.02.2016	Devida leading employee		M	Ayacucho
Vraexong	08.03.2016	Ex-ONG		M	Pchari
Vrafim	03.02.2016	Persecutor Drug offenses		M	Ayacucho
Vrapold	22.01.2016	Police Dinandro		M	Palmapampa
Vrapold	21.01.2016	Police leading position		M	Pichari
Vrapolint	21.01.2016	Police Inteligence		M	Pichari
Vrataxm	06.03.2016	Taxi Driver		M	Pichari
Vraunexch	30.01.2016	UN Driver		M	Ayacucho

Annex V Original Quotes in Spanish

Subchapter	Quote
AHV	
Evolution of the Region	*"aquí se sembraba solo caña de azúcar, todo esos cerros de ahí estaban repletos de caña de azúcar, el dueño era un chileno que se llamaba Loli, era dueño de todo esos cerros, por eso le llaman pista Loli a la pista de aquí abajo por ese hacendado, y la hacienda era grande todo ese cerro." (Monjourm)*
	Ellos ya tenían coca desde antes para el intercambio, para el chaccheo, se cambiaba jamon, papas, el intercambio comercial con la localidad de Áncash, los conchucanos venían con sus 15 mulas, y cambiaban jamón por una arroba de coca, los conchucanos son del callejón de Huaylas, de Conchucos." (Moncamcm)
	Si, fue por el Estado Peruano, la fábrica de drogas pero para cosas licitas seria, no para las cosas ilícitas. Se hicieron la pozas y todo, una fábrica pues, (...) una sola, de ahí trajeron químicos para que puedan elaborar la droga y de ahí sacaban pasta básica de cocaína, de ahí lo sacaban pero supongo que para cosas licitas y no para cosas ilícitas" (Monjourm)
	"Entonces a partir de 1966 el Estado dice que están haciendo mal y que se tiene que cerrar esa fábrica, en 1966. Entonces dicen que hay que cortar esa fábrica de droga en el valle del Monzón, entonces despidieron a los empleados que eran de Áncash, todos los empleados eran ancashinos. Cuando ellos fueron despedidos se fueron a sus lugares de origen. Y la gente ya no podía vender su coca, porque la fábrica había cerrado. […] *Ellos dijeron que como ya no hay quien compre la coca y como la gente estaba acostumbrada a vender su coca en la fábrica, y como ya no había fabrica no había donde vender la coca, entonces el señor [de Ancash] pensó en traer a uno de los trabajadores para que le enseñe a cómo hacer la droga. Entonces su amigo vino, y en su casa en Paucapo, hicieron una mini fábrica para hacer droga. (...) esos ex trabajadores sabían cómo hacer la droga, porque la gente antes no sabía cómo hacer los químicos, por eso esos trabajadores durante un mes les enseñaron a la gente en Paucapo, de cómo hacer la droga, entonces el ayudante miraba, y después el hacía ya su poza con plásticos, el otro ayudante también hacia, y así se ha multiplicado en todo el valle. Así empieza el mercado negro aquí en Monzón.*" (Monjourm)
	No, no tenia mucha influencia. no tenía influencia. Siempre estaba presente las autoridades, tan solo en un periodo faltaba la presencia del estado la presencia policial para que de orden. había un tiempo del terrorismo, entonces aquí era violencia. Claro no tenia poder sino era violencia anónimo, secreto." (Monmunregm)
Sendero and the Conflict	*"Eso de la guerrilla si fue un verdadero atraso para el Monzón. Muchos años hemos estado completamente en problemas cuando existía el terrorismo. Entonces no sabíamos si estar con el terrorismo o no estar. En esos tiempos yo vivía aquí en el Monzón, inclusive en las noches te sacaban a las 7pm de tu casa y toda la noche en la plaza de arma estabas te parabas te sentabas. Yo en ese tiempo era directora del colegio. Una fecha cuando yo venía con mis alumnos de Tingo María me quiso quitar a mis alumnos porque ellos decían que no son estudiantes sino son soldados y por eso los querían matar" (Moneduf1)*
	"por ejemplo el alcalde estaba sujeto a los que es el narcotráfico o la guerrilla, entonces tenía que obedecer dar algo a cambio de que no lo maten, de que no lo desaparecer, que no atenten contra ellos, ms que nada pedían una cuota a los que tenían pocas posibilidades, por ejemplo a un comérciate, tu estas llevando tanto, trae tu camión que vas a colaborar con el partido, y se bajaban 5 sacos de arroz, 5 sacos de azúcar así les pedía la guerrilla y si no hacías eso era probable que te mate, o había la posibilidad de que ya no puedas trabajar. Entonces tú por la necesidad de trabajar y de manera tranquila tenías que colaborar" (Monresm1)
	"en el Monzón era otra realidad, aquí ya prácticamente desde los años, 2000. 2001, 2003, 2004 de repente por ahí se quisieron infiltrar pero nosotros hemos dicho ahí nada más. Quien ha respondido a eso el pueblo." (Mongobcm).
State Security Forces and Involvement in Drug Trafficking	*"Anteriormente la policía tuvo mala fama. Cuando entro Sendero la policía se escapó de Monzón, se fue a pesar de que tenían su puesto y todo. Había Banco de la Nación pero cuando llega Sendero la policía se escapa pero queda el Banco. Cuando entra Sendero se lleva el dinero del Banco y votan todas las cosas del Banco."* (Moneduf1)[239]
	Eran autoridades impuestas por los grupos terroristas. No eran autoridades que se elegían en unas elecciones. Eran autoridades impuestas a la fuerza, contra su voluntad. [...] *A esas autoridades los imponían por la fuerza. Entonces como te decía, después de eso de a poco, empieza a tomar su lugar el Estado. Entonces empiezan por atender en la parte de infraestructura, es decir centros educativos. Se empieza a construir centros educativos." (Monedum1)*
	"*El cambio fue que se pacifico, cuando esta al lado las fuerzas armadas*." (Monmunregm)

[239] *A local journalist agrees: "En los 80 la policía nacional estaba pero se van en el 86 cuando apareció el terrorismo, ellos escaparon, no les hicieron frente. Por eso a la policía se les decía los "escapalones"" (Monrad)*

The illicit Economy in AHV	"¿Cómo se inició en el narcotráfico? Si me volví narcotraficante fueron por las circunstancias. Yo era agente, vendedor viajero de la marca Galaxy, y recorría el país vendiendo sus equipos a clientes que pagaban en partes. Sucede que hice una buena venta, pero al momento de pagarme no lo hicieron con dinero sino con droga. Me sorprendí, y en un inicio no sabía qué hacer con lo recibido, pero tenía que convertir ese producto en dinero y busqué a quién venderlo. Fue fácil y gané mucho más dinero de lo que recibía al vender los equipos Galaxy. Desde allí busqué la manera de meterme en el negocio.
Sendero and the Conflict	*En ese tiempo aunque había plata la gente tenía miedo en ese entonces, no querían vivir así, llegaban 10, 11 de la noche la guerrilla venia tocaba la puerta y tenías que ir a la reunión quieras o no quieras tenías que asistir. Ahí te juzgaban, mataban (Monresm1)*
State and the Illicit Economy	*Ya toma su lugar las fuerzas armadas. Pero siguió el narcotráfico y estaban involucrados los propios militares. No era un cambio que queríamos (Monedum1)*
	"***Si yo llegué a ser grande fue porque Fujimori y Montesinos me apoyaron a cambio de*** *n un monto mesual, de 50 mil* ***dólares****. Yo me hice grande durante el gobierno de Fujimori. El Perú fue un narcoestado en esa época. Narcoestado porque fue con ayuda del Ejército que en enero de 1990 iniciamos la construcción de la pista de aterrizaje en Campanilla (distrito de la provincia de Mariscal Cáceres, departamento de San Martín) y el 15 de marzo comenzó a funcionar y empezaron a entrar las avionetas (para recoger la droga con destino a Colombia)). Fueron los militares los que me facilitaron el rodillo y el cargador frontal para construir la pista. Además los soldados de la Base de Punta Arenas, con autorización de sus jefes, me ayudaban a subir la droga a las avionetas. Los militares obedecían a Montesinos. La* ***época de Fujimori fue un narcoestado.*** *Fujimori tenía pleno conocimiento de las narcoactividades y eso aparece también en documentos desclasificados de Estados Unidos*." (LaRepublica 2016b).
The Coca Economy	"Más antes había mucho dinero. Muchos dólares" (Monedeum2)
The Coca Economy	"L*a hoja de coca, ese era el único sustento, y eso es porque nuestras autoridades veían la coca como único producto, entonces era más fácil trabajar con la coca, porque te rendía cada tres meses, y después de eso tenías tiempo para dormir incluso*." (Monmunm1)
	"*Si, mucha prostitución. Venían mujeres colombianas, brasileras. Todo pagado, porque había plata*" (Monenm1)
	"*ellos ya tenían un dinero bastante entonces se dedicaban a emborracharse en las calles, así hasta otra cosecha*." (Monmunm1)
	"Después de la guerrilla cuando ya se fueron. Ya era diferente ya. Mejor dicho cada uno buscaba su entorno laboral. Entonces se dedicaron a los que es comercialización de drogas. Se vendía como vender pan. Agarrabas tu mochila se ponía 10 a 5 kilos e ibas a otro punto a negociar. Y así comercializabas como si fuera algo muy común, eso era." (Monresm1)
	Si, había. Compradores directos. Por aquí abajo hacían vuelos, por esa pista de dónde vienes. De Cachicoto más arriba, eso era la pista. De ahí salían las avionetas" (Monenm1)
	Vivíamos en una desesperación aquí y cada cual se tenía que cuidar, cuidar su vida, su hogar, porque no había garantías para tu vida si tu decías y proponías que hay que cultivar otros productos alternativos, te decían que eras un traidor, y solo permitían que siembres coca, pero lo hacían con la finalidad de robar también, porque toda la gente que sembraba coca tenía que dar un sol por arroba, y el que tenía 100 arrobas, eran 100 soles, entonces de esa plata vivían los dirigentes." (Monmunm1)
Social Consequences	*"Antes interesaba más dinero, trabajo y diversión, otras cosas."* (Monresm1)
	"[E]stán mal acostumbrados cuantos años se ha vivido de eso nada más. A lo fácil nada más y ahora usted sabe, esperar y acostumbrarse a ese tipo de vida es un poco difícil. Aquí se tiene otro tipo de vida chupar y bailar ***Antes había mucha borrachera?*** *Si, mucha prostitución. Venían mujeres colombianas, brasileras. Todo pagado, porque había plata." (Monenm1)*
Security	*"nuestras autoridades veían la coca como único producto, entonces era más fácil trabajar con la coca, porque te rendía cada tres meses, y después de eso tenías tiempo para dormir incluso. Entonces eso se ha incubado en la sociedad, la delincuencia, la vagancia.* *¿Pero porque delincuencia?* *Porque ellos ya tenían un dinero bastante entonces se dedicaban a emborracharse en las calles, así hasta otra cosecha." (Monmunm1)*
	"Algunos que sabían han invertido en sus hijos pero otros decían ya que no soy profesional mis hijos también van a seguir sembrando coca. Pero otros no han pensado así, yo por ejemplo eh educado a mis hijos en la ciudad y ya son profesionales." (Monmunm1)

	"(…) los cocaleros le dijeron traidor, (…) le decían que no es hijo del Monzón, porque el incentivada a sembrar cosas licitas. Era un gran cambio, él se dedicaba ahora a sembrar solo café, porque sabía que con la droga no se iba ir bien, porque todos sus hermanos estaban en la cárcel por la droga."
	"La situación social en esos tiempos era terrible. Tu no podías opinar nada porque detrás de ti había gente y le avisaban a los "traqueteros" a los que compran droga y ellos de alguna manera te hacían llegar las indirectas, las amenazas. Ese tiempo no era fácil. En ese ambiente se ha trabajado con todos los riesgos." (Monunm1)
	"Yo era gobernador de Monzón y cuando dejo el cargo ellos hicieron su huelga, yo no me asentia a esta huelga. no me asentia a esa huelga porque no tenia principio esta huelga. Entonces vino un grupo de huelgistas a mi casa, lo cortaron el brazo a mi senora. Entonces me dijeron este es traido. A mi me agarroron me secuestraron. yo les denunciépor secuestro por terrorismo, porque ellos vinieron encapuchado. Porque todos que vienen asi, encapuchado, para mi es terrorismo. me llevaron a dos cuadras y a mi senora les cortaron el brazo. A mi ultimo hijo, lo traumaron. Todo esto traumó a mi hijo." (Mongobcm)
Coca Rules	*"Era muy dificil, no habia Policia, no habia fiscalia. la presencia del estado era nulo aqui en esta epoca. (…) Naturalmente Monzon era una verguenza porque mataban a cualquier persona yo fui amenazado de muerte asi por eso las garantias que pedí. Me dio la provincia ni siquiera me dieron aqui la governacion ningunos." (Moncamcm)*
	"*Era bastante peligroso que entrara gente desconocida porque se pensaba que era policía o soplón. Era muy delicado que gente desconocida entrara. Por eso solo entraban familias conocidas aquí. Entonces la gente extraña no podía ingresar así nada más*" (Moneduf1)
	"*Ya era por cuestiones de narcotráfico. Ya no era ya por terrorismo. Ajustes de cuentas, asaltos. Ósea donde hay narcotráfico ahí necesariamente tiene que haber asaltos, ese tipo de muertes era, ya no era por la guerrilla."(Monedum1)*
	*"La seguridad estaba o**rganizado por quien?*** *El mismo pueblo, con las autoridades, las rondas campesinas, hemos hecho un trabajo si agarramos un choro a la losa (cancha deportiva) llamabamos a sus familiares o caso contrario se lo mandamos a la autoridad competente. Eso y era función de lo tenientes gobernadores que en ese momento tenían su cargo." (Monexgobm)* ***"si había un robo, que podía hacer esa persona….*** *En ese caso solo se le advertía a la persona, aunque más antes esos temas de robos no había aquí. No había robos, dejabas tu puerta abierta y no pasaba nada, no había violencia, ni robo. No había de que se tenía que denunciar a la policía a esa clase de gente se le llevaba abajo al río porque esa gente no valía para nada. Gente ratera y delincuente perjudica el bienestar del pueblo.* ***¿Entonces que hizo el pueblo?*** *Lo botaban al rio, lo mataban cuando cometía robos, más robo sobre todo no tanto los que cometían violencia, si no robos."* (Monmunm1) *"El mismo pueblo, con las autoridades, las rondas campesinas, hemos hecho un trabajo si agarramos un choro a la losa (cancha deportiva) llamabamos a sus familiares o caso contrario se lo mandamos a la autoridad competente. Eso y era función de lo tenientes gobernadores que en ese momento tenían su cargo*." (Mongobcm)
	"La subcultura del narcotrafico ha creado sus propias reglas sus propias formas de vivir sin la presencia del estado. La poblacion ha ido - no felices talvez pero acostumbrandose adaptandose porque tenia algo de treinta anos. entonces la gente se habia adaptado y defindia este estatus quo, no?" (Monongm1)
	"En el tema del narcotráfico las autoridades siempre estaban un poco presionadas por el simple hecho de que el narcotráfico dominaba casi todo. Y las autoridades como no había un respaldo del Estado. No había la policía. Tenían miedo las autoridades del narcotráfico. Entonces se sometían a ellos, tenían que seguir la ilación (consecuencias), tenían que obedecer porque simplemente si no hacían caso mataban a las autoridades." (Monedum1)
	"las reglas importantes eran que tienes que ser conocido para ingresar al valle, si no eres conocido alguien tiene que garantizar para que tu ingreses y el resto ya era cosa de que ellos [los lideres cocaleros] imponían su justicia popular"
Power	*"cuando iba a Lima me di cuenta que la coca no solo en Perú, sino a nivel mundial está penalizado. Eso me decían los cocaleros, es decir más antes yo era dirigente y no me daba cuenta verdaderamente como eran las reglas, pero me di cuenta y me aparte de ellos, pero me insinuaron con la gente, y por esa razón me apartaron a mí." (Monmunm1)*

	"los dirigentes cocaleros nunca han permitido que el gobierno llega al Monzón. Porque los cocaleros decían: si nosotros dejamos entrar a los profesionales al estado, nos van a erradicar la hoja de coca Los dirigentes eran en este tiempo Iburcio Morales, era Ticeran, todos ellos eran los dirigentes. ellos eran dueños del valle. ***Y cuales fueron los autoridades?*** *los autoridades eran el alcalde, el gobernador. pero ellos no pintaban nada. [Los que manejaban] eran los dirigentes cocaleros. Tu te caías mal o estas haciendo algo, venían los dirigentes cocaleros te amenazaban de frente. tu tenias que hacerles caso allí. Ellos eran los dueños (Monexgobm)*
	"una cosa es las autoridades elegidas por el voto popular y otra cosa son los lideres en elececion local que hacen (short pause) de la subcultura que te digo. y ellos fueron los que controlaban. y el eligido popularmente por las reglas del estado. Me dicen que no querian energia porque eso venia caigo de la tema coca." (Monongm1)
	*Llega un momento en que los cocaleros empezaron a vernos mal al proyecto de arroz, empezaron a vernos mal, porque en una forma se está dividiendo. Entonces decían que los estábamos dividiendo. Y eso era cierto porque mucha gente ya no sembraba coca, estaba sembrando productos de pa´ llevar, o se dedicaba a la ganadería o empezaban a sembrar cacao, porque también eso había, o hacían reforestación, también había crianza, el proyecto les daba. Entonces llega un momento en que Iburcio Morales presiono a los directivos, que en ese tiempo era COPAN (¿?) la institución con la que se trabajaba. Entonces hubo un momento que dijeron saben que señores hasta aquí nada mas o se juntan con Naciones Unidas o con nosotros. Por ende también había la presión de la parte armada donde nos decían saben que señores ustedes tienen que salir de aquí. Y hubo una reunión fuerte. Por suerte ahí en la plaza de Cachicoto nos dijeron hasta aquí nada más, Naciones Unidas se va" [...] "***Ahí nada más vino** **Iburcio Morales y se coludieron (unieron) ahí Morales como cocalero, el mismo presidente del COPAN más el grupo armado, conjuntamente con el narcotráfico. Porque ese tiempo había bastante coca. Había droga hasta por gusto entonces era una fuerza**. Entonces nos dieron un plazo de una semana para salir todos nosotros. Todos los trabajadores y salimos. Todos nosotros salimos y sacamos a las justas un camión, el otro camión se quedó ahí, se quedaron los tractores. Entonces que pasa ha pasado el tiempo. Ellos que hacen ni bien salimos nosotros ellos empezaron a vender el abono que teníamos bastante. Al toque nada más se lo venden todo el abono" (Monunm1)*
Post-Eradication Economy	*"Migran pues. De aquí salen y se meten más al fondo de nuevo planta coca ahí y siguen viviendo la misma vaina. Porque la producción de la coca es más rentable aquí en Perú, aquí en el valle. Por eso dicen que con una hectárea de coca ya tienen para que vivan. En cambio sembrar café, cosechas una vez al año. Y que haces en un año. Además cuando plantas esta chiquita, que haces en esos años. Tienes que esperar 5 años. En esos 5 años que cosa comes. De que vives y la cosecha es una vez al año. En el cacao es la misma situación. Aunque aquí cacao no produce, eso es en la parte baja" (Monenm1)*
	"Ahora primero erradican, después quieren plantar otra cosa. Por ejemplo, aquí en este valle no producen cacao, solo café. Lo único. Ni siquiera se ha hecho experimentos con otras plantas como, lúcumas, paltas. Otras plantas que pueden dar en la zona Nunca han hecho estudios" (Interview Monenm2).
	"De aquí un kilómetro podía encontrar un pozo de maceración donde hacen la droga, ahora ya no, uno tiene que ir a buscarlo, con información de inteligencia y con mucho riesgo de meterse a la selva porque francotiradores nomás nos vuelan la cabeza, 6,7 a 8 horas ahora se cuidan más, por la erradicación de la hoja de coca desde el años 2011, 12, 13, 14 a minimizado la producción, pero el tráfico de drogas continua." (Agupolcm).
Security	**¿Te sentiste segura aquí?** *"Al principio no, no me sentía segura por había personas que me tildaban de soplona, de espía y que estoy viniendo a ver quién es cocalero, pero de repente eso decían por su ignorancia. Pero el tiempo me ha dado la razón y no es así. Ahora por ejemplo tengo alumnos que están llevando los cursos que nosotros damos y nos va bien. Trabajamos con las instituciones bien, trabajamos con los colegios y hasta ahora hay una buena aceptación*" Monongf1)
	"Mejor dicho hay más violencia en el sentido de que hay más problemas familiares por problemas económicos. Hay más violencia en los hogares. Pero ya no hay muertes sin razón porque el narcotráfico si traía eso. Ajustes de cuentas, se mataban por dinero, asaltos, diferentes cosas pues." (Monresm1)
	"*Para empezar ya no hay asaltos y si los hay va ser una cosa fortuita, de mil uno. Ya la vida se puede realizar aquí totalmente en paz. Podemos festejar un cumpleaños, yo duermo con mi ventana abierto y no pasa absolutamente nada. Dado que la presencia de la policía ha devuelto la tranquilidad y la paz*" (Monedum1) ***"¿Ahora te sientes más seguro o igual?*** *Claro un poco más seguro seria porque ya no hay el miedo que pueda sentir que por una calumnia te matan, sin ser juzgado y sin ninguna razón te mataban (Monresm1)*
	"La policía siempre tiene un poco de mala fama, nunca ha tenido una buena fama porque. Como la gente aquí estamos en la chacra no trabajan legalmente. Se trabaja informalmente.(…) [Las policias] Vienen aquí a hacer sus rondas y la gente dice que están molestando. Los taxistas dicen que los están molestando. La policía tiene fama siempre de pedir dinero.*"* (Monresm1)
	"Porque saben muy bien "ah la policia me va agarrar no me van a chapar, no tienen preso me van a dejar". En cambio el pueblo no dice eso, en contrario te agarrar te chapa y te masacreo (...) por ejemplo en el ultimo ano habian muchos robos habian asaltos. entonces esto es el tema de ahora. la gente esta consciente que la policia las lleva a la comisaria doy mi

	declaracion y mi suelta. tu no puedos tocar a esta persona porque esta bajo del ley. Todos las ladrones los rateros saben esto." (Monjuezm)
State Intervention	*El primer logro no fue nuestro, sino de la Policía, cuando captura a Artemio en el 2011 y a otros 42 cabecillas terroristas (...) Esto fue crucial para empezar a negociar con los líderes y las autoridades del Monzón. El Monzón tenía un 71% de pobreza total. La población había estado entre dos fuegos: el narcotráfico y el terrorismo. Ahí ya entramos nosotros y con nosotros llegó el Estado que había estado ausente. Se organizaron las caravanas, y lo primero que llevamos fue salud, educación, RENIEC, porque nos encontramos con un Monzón donde gran cantidad de la población no tenía identidad. Entonces no podían entrar al Sistema Integral de Salud (ni) a los programas sociales". (Caretas 2017).*
	"Vino el Estado, tomó la decisión y nos erradicó. Y no se puede pues con los militares, las bombas lacrimógenas y la muerte de dos o tres. Tocó decidir. Vivo puedo trabajar. Muerto no puedo ayudar a mi familia" (Caretas 2017)
Rule in Post-Illegal Coca Boom	*"(…) ya tiene otra mentalidad. Antes todo era alcohol, fiesta, ahora no. Ahora se abstienen. Hay un cambio radical, pero el estado debe proteger esos cambios"* (interview Pedro Monm3).
	"Un proyecto que empiece de cero y arriba como tres años, ese es un apoyo al campesino. Por ejemplo te dan un café, desde abajo, desde macheateado (una siembra limpia de hierbas y maleza) hasta que crezca tres años. Eso sería el apoyo del gobierno. ¿Qué clase de apoyo es? El que te dan una bolsita, unas cuantas bolsitas de café. El agricultor no va poder hacer nada, la agricultura no va cambiar. Por eso no va ver un cambio." (Monm1)
	"Si la gente no confía en el Estado. Porque tienes que pensar cuantos años de creación tiene el Monzón, mire en qué condiciones vivimos, no tenemos agua, desagüe, sus calles, sus veredas no estamos desarrollados para nada. Entonces en cuestión de agua y desagüe, dos tres periodos ya están prometiendo, el alcalde que entra eso no se hace realidad, entonces que podemos esperar?" (Monresm1)
	"Pues la policia esta siempre detras casi no se destingue el problema de la violencia." (Moncamcm).
	(*"el alcalde, porque es el único que puede buscar inversiones"* Interviews MOlocp.; survey question).
	"No estoy usando un casco cuando estoy conduciendo de un lado a otro en el pueblo. ¿Para qué? ¿Para conducir a la vuelta de la esquina? Es loco" (MonJuezm1)
	Se sienta incomoda la gente, por la ordenanza municipal porque la policia esta dando orden poco les choca no? Toda la vida has vivido asi, asi estas bien, pero tienes que cambiar. Asi estamos sensibilisar la gente, la policia, la municipalidad, el juzgado y las autoridades estamos sensibilisando a la gente. hay que ponerlas en orden. como debe ser no tan asi. Porque antes era tierra de nadie, monzón era mal visto entre la sociedad." (Monjuezm1)
	"Tú te compras una moto y no tienes ni placa, no usas casco, eres informal, no pagas tus tributos al Estado como debe ser. Y la policía viene y tiene sus normas y exige. ***Empieza a molestar entonces el ciudadano se incomoda. En ese sentido antes estábamos mejor sin la policía. Por eso se margina a la policía.****" (Monresm1)*
	"Mas antes no existia el robo, porque mas antes exisitia el chapa tu chorro, como se ve en las noticias. Aca la gente hice con su propia justicia. No llevaban a la policia porque este no existia. Cada uno hice su propia justicia y capturaron al chorro. Entonces el robo tenia miedo tambien existia el terrorismo, el narcoterrorismo, pues aca estaba prohibido de robar asaltar. La gente tenia miedo en estos tiempos no solo por el ejercito sino por la subversion que existia. Ellos te soprendian y te llevaban." (Monjuezm)
	"Hay mucha gente que desconoce las normas los leyes talvez por omision puede ir en contra de ello. pero sin embargo ya todos trabajan." (Moncamcm)
VRAEM	
History	*"[T]oda la gente vivía en una calle no mas. mas o menos 150 familias una calle era. todos eran comerciantes. Negocios. Las agricultores cada uno vivían a su chacra. venían cada domingo traían su producto. Café cacao, coca, barbasco. bastante agricultura había. Todo era monte"* (Lltienda: 22 - 22).
Conflict and the Coca Valley	*"La gente tenía que sacar a formación y formar más pueblos por eso te estoy diciendo hay varios pueblos, 41 bases, 41 pueblos que acá se han reunido y se han formado varias ciudades, porque anteriormente la gente se vivía en diferentes sitios, chacras, cada cual vivía en sus chacras, más antes que sendero, y producían cacao, café, maní, pero por Sendero se ha reunido y se han formado casas por aquí por allá, pequeñas ciudades" (Sroaupm).*
	"Antes cada uno viva en su chacra en una pequenia casita, con unos animales menores, como gallina o cerdo. cada una vivia en las chacras por el problema de la subversion la gente se agrupó aqui y el comite de autodefensa piensan formar las agrupaciones. Entonces antoriamente no se llamaba comunidades caserios o centro poblado sino agrupaciones. El unico que sellama centro poblado era Llochegua. Así nacen los centros poblado" (Llcadex)
	"*La plata de la coca ayudo en ese tiempo a financiar la comida, las armas con todo eso se pudo luchar en la guerra, pero con eso yo o te digo que la coca continúe hasta ahora financiando*" (Sroaulm)

	"De un grupo… o sea habían traficantes de armas aquí. Traficantes de armamento, de carabiners, esporádicamente como te digo era algo sorprendente pero si llegamos a tener las armas." ***Entonces los traficantes llegaban acá [a Llochegua] y preguntaban: "Ustedes necesitan armas?*** *"Si, "necesitan armas, yo de les traigo o adelante los cómplices les traigo. O sea había trafico de armas en la capital de Perú en Lima que el mismo ejercito lo vendía. O sea la situación era una desgracia común. Entonces que estaban haciendo de baja, lo sacaban por parte normal y lo vendían. Creo que era difícil traerlos aca, pero el traficante lo traía y nos vendía." (Llexaup)*
	"Cosechabamos los terreno abandonados. Pero no solamente ha sido coca. Ha sido café, cacao y coca los tres productos. Pero todo el ingreso ha sido para comprar munición y armamento. De esa manera nos hemos armados nosotros. Nadie nos ha dado arma (…) Claro la mayor cantidad siempre venía de la coca. Porque había coca y se vendía. Se cosechaba y se vendía." (Llexaup1)
	"yo no sé porque a Fujimori le dicen narcotraficante porque Fujimori desapareció completamente, a cero el narcotráfico, que hizo, cerro todas las fronteras, puso radares, hasta yo mismo he llorado porque yo tenía 40 arrobas de coca y no podía vender a nadie y se vendía me pagaban 5 soles y eso no cubría ni el trabajo que se hacía, es mas eso fue muy bueno para la reflexión del hombre (…)" (Llauexp2)
Organizing the Illicit Economy	*"Todos son pobres son gente agricultora, transportista, bueno al menos eso te dicen. Son gente que les han dicho oye llévame este paquetito y te pago 200 soles, algunos decían que si sabían que estaban llevando droga peor que necesitaban el dinero para su mama, para su hermana, para su hijo o para ellos mismos, y otros te dicen que no sabían nada."* (Vrafim: 102 - 102)
Cocaleros	*"A ver, yo soy cocalero. Gracias a la coca estoy tratando educar a mis hijos para que manana mas tarde mis hijos no sean igual que yo. Yo quiero darle la mejor calidad de educación a ellos y mejor calidad de vida para que ellos mas tarde sean utiles para la sociedad mejor que yo.Por eso aprovechamos este poco presupuesto que nos da la hoja de coca invertimos en nuestros hijos y la famila y muchos aspectos" (Llfepm)*
	"En Santa Rosa hay muchos la mayoría de Santa Rosa son narcotraficantes, sobre todo de los centros poblados pero sabes que de un 100% un 20 % está en las ciudades y el 80% en los centros poblados. (…) La manera de operar del narcotráfico en Palmapampa por ejemplo es camionetas Hilux, motos Honda, un único lugar que te aseguro que el dueño es narco donde encuentras piscinas, una barra y unos chefs, per tu llegas a ese lugar y automáticamente toda la gente que está ahí te mira raro. Yo estuve en Palmapampa para un curso de técnicas de investigación, ahí nos fuimos con dos fiscales y dos de la DINANDRO, y ahí los de la DIRANDRO nos dijeron ven a eso grupo, donde había una chica y chicos con camionetas HIlux y jóvenes de 19, 18 años en sus motos, y ellos me dijeron que hace 4 meses habían atrapado a la chica que estaba embarazada llevando droga, pero lo no se explicaba era porque estaba libre si le habían puesto a disposición del juez. El ministerio publico la acuso, el juez dispuso que se le llevara al penal peor tres meses después esta libre y todos lo que están con ella son traficantes, y ellos no son de vender poco ellos te distribuyen kilos y son jóvenes el más mayor tendrá 23 años, y esa camioneta que ellos tienen yo no lo puede tener pues." (Vrafim: 110 - 118)!
	"Porque hay pobreza, aparentemente porque es selva, existe narcotráfico, hay plata, no, sino que el que se lleva la plata es los que producen la cocaína, acá el producto cuesta mil soles y allá ¿Cuánto cuesta? ¿70mil? Entonces no hay beneficio económico, prácticamente el agricultor es esclavo de su chacra (..)" (Llmunm1)
	"Mira, aquí en el VRAEM quieras o no quieras estas involucrado y están metidos en el tema del narcotráfico, directa o indirectamente. Los directos son los mismos narcotraficantes y los indirectos son los transportistas, los comerciantes, los restaurantes, y si no hay droga al valle no entra dinero. Y no solo mantiene al VRAEM sino a otros departamentos como Ayacucho, y otros. Es decir si hay una intervención radical va a bajar todo, va haber menos transporte, menos venta de abarrotes, y si antes venían 50 personas después solo vendrían 15, 10, entonces todo va a bajar (…), así automáticamente la coca baja y todo baja." (Vraexong)
Coca as binding factor in society	"*Nosotros como agricultor no podemos hacer nada. Mas aun, a lo que yo tengo que entendido como cocalero nunca habia una persona que a mi me presionó.* ***Yo vendo la coca a cualquier persona que me ofrece como cualquier producto oferto o demanda hay. entonces a la persona que me ofrece un poquito mas, yo lo vendo. Pero no se quien es, solo viene en la noche, recoge la coca y se va***." (Llfepm)

Deutsche Zusammenfassung

Umkämpfte Staatsbildung? Die Wirkung von illegalen Ökonomien an den Rändern des Staates

Der Einfluss von illegalen Ökonomien auf lokale Ordnungen steht im Mitteltpunkt der vorliegenden Arbeit. Die Dissertation hinterfragt den konventionellen Erklärungsansatz von Staatsschwäche durch illegale Aktivitäten. Mit der Untersuchung des Zusammenspiels von lokaler Ordnung am Rande staatlichen Einflusseses und illegalen Ökonomien will die vorliegende Analyse eine Forschungslücke schließen. Entgegen der verbreiteten Annahme, dass diese Ökonomien zu Instabilität und zu Gewalt führen, zeigt die Arbeit, dass illegale Ökonomien zur Entwicklung stabiler lokaler Ordnungen beitragen, anstatt diese zu zerstören. Dabei fokussiert die Dissertation auf Regionen mit nur schwachem oder keinem Einfluss des Staates.

Die Analyse folgt einem strukturierten, fokussierten Vergleich von zwei Regionen in Peru: VRAEM und Alto Huallaga. Mit einer Fallstudie über die VRAEM-Region in Peru analysiert die Arbeit die aktuellen Auswirkungen des Drogengeschäfts auf die lokale Ordnung. Die Alto Huallaga Region ist das historische Zentrum für die globale Kokainproduktion und wird hingegen von der peruanischen Regierung als Vorzeigeprojekt für eine erfolgreiche Bekämpfung der Drogenöknomomie präsentiert. Durch den Vergleich eines aktuellen mit einem ehemaligen Zentrum für die Drogenproduktion wird das Verständnis über den Einfluss illegaler Ökonomien auf lokale Ordnungen ausgearbeitet. Während umfangreicher Feldforschung wurden qualitative Daten erhoben und 120 Interviews sowie 124 theoriegeleitete schriftliche Befragungen durchgeführt. Die Analyse zeigt, dass die Drogenökonomie wesentlichen Anteil an der Entwicklung lokaler Ordnung hat: insbsondere in den Bereichen Ökonomie, Sicherheit und Machtstrukturen. Diese lokalen Ordnungen sind in sich stabil, folgen aber nicht dem normativen Ordnungsverständnis des Staates.

Die Arbeit legt dar, dass illegale Ökonomien eine stabilisierende Wirkung haben, anstatt eine direkte Bedrohung für den Staat darzustellen. Damit leistet die Dissertation einen Forschungsbeitrag zu Studien über Staatsentwicklung unabhängig von einem eurozentristrisch geprägten Normverständnis.